Austria	Sch 15	Indonesia	Rp 2500	Portugal	Esc 65
Bahrain	Din 0.650	Italy	L 1100	S. Arabia	Rls 6.00
Belgium	Bfr 32	Japan	Y 550	Singapore	S$ 4.10
Canada	C$2.50	Jordan	Fils 500	Spain	Pts 95
Cyprus	Mils 600	Kuwait	Fils 500	Sri Lanka	Rup 30
Denmark	Dkr 7.00	Lebanon	L£ 6.00	Sweden	Skr 8.50
Egypt	E£1.00	Luxembourg	Lfr 35	Switzerland	SFr 2
Finland	Fmk 5.50	Malaysia	Ric 4.25	Taiwan	NT$ 45
France	Fr 5.50	Mexico	Pes 300	Tunisia	Din 0.600
Germany	DM 2.00	Morocco	Dh 6.00	Turkey	L 150
Greece	Dr 60	Netherlands	fl 2.25	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	Nkr 8.00	U.S.A.	$1.50
India	Rup 15	Philippines	Pes 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,165 — Monday November 7 1983 — D 8523 B

Dual-key: no solution to the real issues, Page 16

NEWS SUMMARY

Upset for Generals in Turkish poll

Turkey's first election since 1977 appears to have brought a major upset, with nearly 50 per cent of the vote for Mr Turgut Ozal, architect of the 1980 austerity programme, and the conservative Motherland Party.

As news of the results came throught, the National Security Council, which has ruled Turkey since the military takeover in 1980, went into emergency session.

The party the military rulers favoured, Mr Turgut Sunalp's Nationalist Democracy Party, were running third with some 22 per cent of the votes.

GENERAL

Iran admits to heavy casualties

Iran says at least 73 people have been killed and more than 550 injured in Iraqi missile and air attacks on four towns deep inside its territory. Iraq says it reserves the right to hit more targets in Iran in retaliation for Iran's latest Gulf war offensive. Page 2

Anglo-Irish talks

Irish Premier Garret FitzGerald visits London today for talks with Prime Minister Margaret Thatcher in the first Anglo-Irish summit for nearly two years. Page 2

Jail staff suspended

The Irish Ministry of Justice suspended officers at Mountjoy Jail, Dublin, where prisoners rioted on Saturday night after the officers walked out over a staffing dispute. Police and soldiers have taken over.

Dutch strike today

Post Office and customs staff in the Netherlands are among the public-sector workers planning strikes and other action starting today in protest against Government plans to cut wages. Page 2

Raphaels stolen

Two Raphaels, two Tiepolos and two Tintorettos have been stolen from a Budapest museum, in Hungary's biggest art theft.

Scoon's appeal

Sir Paul Scoon, Governor General of Grenada, says he would like the U.S. troops still on the troubled Caribbean island to stay as long as possible. Page 3

Moroccan coalition

King Hassan of Morocco announced the formation of a Government of national unity including the former opposition.

Mugabe warning

Zimbabwe Premier Robert Mugabe, whose police last week arrested former Premier Bishop Abel Muzorewa, warned political leaders Joshua Nkomo and the Rev Ndabaningi Sithole that they face arrest if they continue with "subversive activities" Bishop Muzorewa has gone on a hunger strike. Page 3

Bombs in Corsica

Seven bombs exploded in the northern Corsican city Bastia, causing heavy damage to six banks and a clothing store. Another explosion sank a police vessel in the port of Calvi.

Air cuisine not haute

Europe's major airlines are criticised for tasteless food, discomfort in the air, and the arrogance and indifference of ground staff in Britain's Egon Ronay-Lucas guide, published today. Page 8

Briefly . . .

Peking police caught a gang of 13 who copied obscene foreign videos and showed them in offices.

Mrs Melitta Lanc, wife of Austrian Foreign Minister Erwin Lanc, has critical head shot wounds after a suicide attempt.

U.S. ended its Sea of Japan search for wreckage from the South Korean jet shot down by Soviet fighters on September 1.

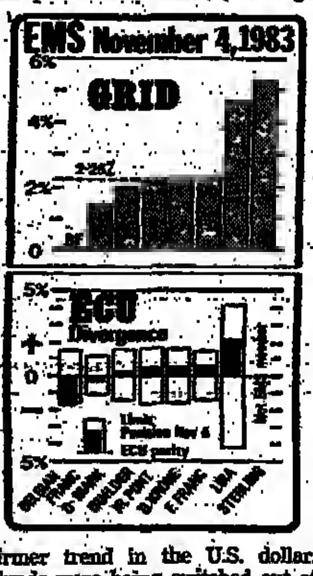
BUSINESS

Large drop in Opec earnings

● OPEC statistics for 1982, just released, show that member countries suffered a drop in their current account surplus from more than $61bn in 1981 to $2.6bn. Opec's share of world crude oil trade fell from 71.8 per cent to 64 per cent at 18.5m barrels a day, but exports of refined products rose from 1.8m barrels a day to 2.12m. Page 4

● FRANCE announced concessions to its oil refining industry, which last year lost FFr 12bn ($1.56bn at the special rate applicable). Page 18

● THE EUROPEAN Monetary System's weaker members were under less pressure last week, reflecting a



firmer trend in the U.S. dollar. Funds were being switched out of the D-Mark, which was not exerting pressure on the weaker currencies.

The Belgian franc remained at the bottom of the system and was also outside its divergence limit.

However, there was little sign of renewed pressure, although the Belgian central bank was obliged to spend nearly BFr 10bn ($185m) in support operations. The Italian lira remained the strongest currency.

The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

● UK INSTITUTE of Directors survey shows that 65 per cent of 200 companies reported increased business in the last six months. Page 9

● BRITAIN'S public expenditure has overshot budget forecasts by an average of £1.7bn ($2.5bn) for the last five years, and looks likely to overshoot again this year and next, says a report. Page 8

● TRADES UNION Congress of the UK is appealing to member unions for cash to finance the Post Office engineers' campaign of action against the government plan to sell British Telecom. Page 9

● ANGLO-FRENCH banks' study favours a bored twin-rail tunnel Channel link between the UK and France as the most attractive for private investors. Page 9

● DUTCH and FRENCH groups have complained to World Bank affiliate, the International Finance Corporation, about the award by Sudan of a major oil pipeline contract by Snamprogetti and Saipem, part of the Italian state holding group Eni. Page 18

Split threatens Arab world as Arafat pulls back

BY ROGER MATTHEWS IN LONDON AND REGINALD DALE IN WASHINGTON

Mr Yassir Arafat and his Palestinian forces appeared close to defeat in northern Lebanon last night after an intensive four-day assault by dissidents backed by Syrian armour and artillery.

The rebel forces demanded the surrender of Mr Arafat after he had been forced to pull back from the Nahr al-Bared refugee camp north of the port of Tripoli.

The crisis facing Mr Arafat threatens to provoke the most serious split within the Arab world since the late President Anwar Sadat of Egypt made his dramatic visit to Israel in November 1977.

Several Arab leaders including King Fahd of Saudi Arabia and President Mubarak of Egypt pleaded yesterday with Syria to halt the fighting. Mr Mubarak said he was giving Mr Arafat "maximum support" and warned that the end of the Palestine Liberation Organsiation could spell the end of the Palestinian cause.

King Hussein of Jordan said he was in no doubt that Syria was attempting to topple the PLO leadership and replace it with one subservient to Damascus. He also accused Syria of being behind two attempts last week to assassinate Jordanian ambassadors.

Other leaders of al-Fatah, the biggest guerrilla group founded by Mr Arafat, called, after talks in Tunis, for an urgent meeting of Arab Foreign Ministers. They condemned "the barbarous aggression and the continuous plotting of the Syrian and Libyan regimes against the PLO and the Palestinian people."

There was no response last night from President Hafez al-Assad of Syria, although Arab diplomats said intensive contacts were continuing to find a negotiated settlement. Iraq is believed to have offered sanctuary to Mr Arafat, but only on condition that Syria should first open the Iraqi oil pipeline which crosses its territory.

Mr Arafat yesterday vowed to fight to the end, "because we have no alternative to self-defence." His men were working frantically during the afternoon to throw up additional defences around the Baddawi camp, his last stronghold. Other Palestinian guerrillas had fallen back to Tripoli raising further fears that the civilian population there could be caught up in the fighting.

Lebanese security forces near Tripoli reported that Mr Arafat was heavily outnumbered by the advancing forces. They estimated Mr Arafat's strength at about 7,000 men, relatively lightly armed. Opposing him were said to be some 25,000 Syrian troops and Palestinian dissidents backed by over 150 tanks.

Hospital and medical facilities in region were reported to have collapsed with no treatment available for even the most seriously wounded. Refrigerated trucks were being used to stack the dead.

Mr Yitzhak Shamir, Israel's Prime Minister, yesterday rejected an appeal to close the Awali river bridges in southern Lebanon fol-

Continued on Page 18

Brazil VW plans new car in $800m project

BY ANDREW WHITLEY IN RIO DE JANEIRO

VOLKSWAGEN do Brasil, the largest vehicle manufacturer in Latin America, plans to invest $800m over the next four years, a substantial part of which is being allocated to the design and manufacture of an entirely new family of multi-purpose small cars for the local market and export.

Sr Wolfgang Sauer, president of the Brazilian subsidiary of the West German-based group, said the new car, which has not been named yet, will be exported to the European Community after its launch in 1985.

This will mark the first time that a vehicle manufacturer based in Brazil has exported cars back to industrialised countries under its own name. The rest of the investment programme will go towards modernising plant.

Sr Sauer said the basic model of the new car would have a 1.3 litre engine, either water- or air-cooled. It could be positioned in the local market between the Beetle – still a firm favourite in Brazil – and the Gol, a version of the European Golf or Rabbit model.

Fiat has for the past few years been using its Brazilian operations as a supplementary source of supply of its 127 model car to Western Europe. But the model is indistinguishable from those produced for example in Turin, and it is not publicised as being Brazilian-made.

Ford disclosed recently that it was going ahead with the manufacture of a "world truck" at its São Paulo plant for export to the U.S. and other Western markets. Ford'a plans call for a family of trucks from 11 tonnes upwards, on sale in about 18 months.

However, the U.S. company has taken a conscious decision not to challenge EEC trade unions for the moment at least by selling Brazilian-made Escorts within the Ten. The first export shipments of 1300 Escorts made in Brazil leave for Scandinavia tomorrow.

By introducing into the EEC a Brazilian car complementary to its line of models – neither replacing an existing model nor substituting São Paulo for a manufacturing plant – Volkswagen is hopeful that it can overcome any objections from its labour force outside Brazil.

Prototypes of the car, which has been designed entirely in Brazil, have been built. About 70 per cent of output planned for the domestic market, with the balance available for export.

A final decision in the $800m investment programme will be taken by Volkswagen's main board by the end of December, but Sr Sauer was confident that approval would be given.

VW do Brasil made a small paper profit of $11.3m last year after an operational loss of Cr 23.7bn ($132m) was corrected by an inflation accounting device. Net earnings in 1982 were Cr 292bn ($1.63bn) compared with $1.4bn the previous year, at the average prevailing exchange rates.

U.S. domestic car sales, Page 2

IMF chief to press banks on $3bn loan

BY PETER MONTAGNON IN LONDON

MR JACQUES de Larosière, managing director of the International Monetary Fund (IMF) is to join leading central bank governors in Basle today for talks on Brazil and the financial problems facing the IMF itself.

He is expected to urge the central bankers to go ahead with a $3bn loan to help to rebuild the IMF's resources, which have been seriously depleted by the loans extended to debtor countries in Latin America this year. The loan is part of a package to which Saudi Arabia is also expected to contribute $3bn.

So far, neither Saudi Arabia nor the Western central banks have been willing to go ahead with the loan before the U.S. Congress passes legislation increasing its subscription quota in the fund by $8.4bn. As a result, the IMF has become so short of resources that it has had to scale down its new loan commitments.

It was not clear as the central bankers convened at the Bank for International Settlements (BIS) whether they would yield to Mr de Larosière's request today. Dr Karl-Otto Pöhl, president of the Bundesbank and chairman of the Basle committee of leading central bankers, has opposed the loan in the past in order to increase pressure on the U.S.Congress to pass the new IMF quota subscription.

A further chance to discuss the loan will come next week when senior officials of the Group of Ten, comprising the world's richest industrial countries, are to meet in Paris.

Today, the central bankers in Basle will certainly also press Mr de Larosière to tell them how the IMF views Brazil's efforts to keep within its economic programme. The IMF board is to examine the programme next week amid some uncertainty over whether changes in Brazil's proposed wages law are in keeping with the letter of intent sent to the IMF in September.

Italian banks in jumbo loan for Brazil, Page 2

Brazil set to agree package

By Our Rio de Janeiro Correspondent

BRAZIL'S Government has virtually ensured the successful package through Congress tomorrow or Wednesday of its newest, International Monetary Fund-inspired wage and tax austerity measures after the decision at the weekend of a minor opposition party to support the Figueiredo Administration over the required legislation.

The Partido Trabalhista Brasiliero (PTB), the country's Labour Party, said it was supporting a decree issued by the president last month after the defeat in Congress of an earlier wage containment proposal, as a "last attempt to avoid economic chaos and the destabilisation of the regime."

Political endorsement of measures aimed at controlling public-sector spending and improving the Government's shaky finances were regarded as essential by the IMF

Continued on Page 18

Thyssen cuts steel jobs and output

BY JAMES BUCHAN IN BONN

THYSSEN, Europe's largest steel producer, is to cut steel capacity by a third and lay off 8,000 workers by 1985. The announcement came after the company last week failed to agree to the West German Government's terms under which it would have merged with Krupp Stahl.

Meanwhile, the future of another West German steel concern, Arbed Saarstahl, was in serious doubt after workers' representatives rejected government demands that employees take a pay cut.

The crisis at Arbed Saarstahl comes at a time when the company needs a fresh injection of public funds to pay its next round of bills on November 10.

Herr Werner Zeyer, the Christian Democrat Prime Minister of the Saarland, went on the television on Saturday night to warn that workers' representatives were "toying with tens of thousands of jobs in the Saarland."

Arbed Saarstahl, with a workforce of 17,200, is the second largest employer in a state badly hit by the crises in the steel and coal industries.

At a meeting on Satuday, the general works council at Arbed Saarstahl again rejected the Bonn and Saarbrücken demands that the 5,000 workers retired early as part of the rescue plan take a cut in severance payments and that the workforce as a whole has its pay frozen.

The creditor banks, led by Commerzbank, which is offering the company debt relief worth DM 425m ($181m), and the two governments, which are to put up well over the DM 86m needed to cover the November 10 payments, have made their assistance conditional on financial sacrifices by the workforce.

Some trade union officials argue that the amount to be raised from the workforce, around DM 35m a year, is so trivial against the company's needs as to be merely a salve to ministers' free-market consciances.

The works council, however, did agree to a works ballot over the government demands which could take place today, when federal and state government ministers meet in Bonn to decide on the company's fate.

The desperate measures from Thyssen follow last week's final collapse of talks with Krupp Stahl over a merger of their steel interests.

IBH plans to shed overseas factories

BY JOHN DAVIES IN FRANKFURT AND IAN RODGER IN LONDON

THE BRITISH, French and Brazilian factories of the German construction group, IBH Holdings, would be shed under a restructuring proposal being prepared this week by the group's founder and chairman, Herr Horst Dieter Esch.

IBH, the world's fourth largest construction equipment manufacturer, sought court protection from its creditors last Friday after a number of banks withdrew their lines of credit.

In an interview yesterday, Herr Esch said he believed that the only way for any of the IBH businesses to survive was to keep a basic core together.

"None of the subsidiaries, not even Terex or Hanomag, would stand a chance alone," he said.

The core would include the Terex factories in the U.S. and Scotland and the Hanomag, Zettelmeyer and Hamm businesses in West Germany.

Production of hydraulic excavators at Hymac's factory in South Wales would be transferred to Terex in Scotland or Hanomag in Germany. Hymac employs about 650 people.

The Brazilian factory of Teras and the French subsidiaries, Maco-Meudon, Pingon and Derruppe, would be left for "national solutions."

Herr Esch reiterated his claim that there was "no acute problem in IBH or any of its subsidiaries."

IBH has transferred all its production of backhoe loaders to the French companies, Derruppe and Pingon, and Herr Esch said the group would try to make an arrangement for continuity of supply.

Continued on Page 18

Feature, Page 17

Fears over health of Soviet leader increase

By Anthony Robinson in London

SOVIET President Yuri Andropov failed to appear at a Kremlin reception on Saturday leading to new fears about his health and intense speculation that he will become the first Soviet leader ever to miss the the traditional October Revolution marchpast on Red Square today.

His predecessor, Leonid Brezhnev braved the cold and wind on top of the red marble Lenin Mausoleum last November although he was clearly ill and died four days later.

Stalin staged the parade in 1941, even though Nazi tanks were at the gates of Moscow and the Soviet regiments marched straight off the square to the trenches and anti-tank ditches.

Now Soviet spokesmen have indicated that doctors have advised Mr Andropov, who has not been seen in public since he met a group of U.S. senators on August 18, not to attend today's ceremomies. The official explanation is that Mr Andropov has a cold.

In the absence of Mr Andropov, Saturday's keynote speech at the Kremlin reception was given by Mr Grigori Romanov, the 60-year-old politburo member. He was party boss in Leningrad for more than 12 years before moving to the centre of power in Moscow last June when he became a central committee secretary.

Mr Romanov mentioned Mr Andropov four times in his speech, and each mention brought prolonged applause. This is taken to indicate that Mr Andropov's ill-health is physical not political.

Nevertheless the choice of Mr Romanov to make one of the most symbolically important speeches in the Soviet calender could be significant.

For Mr Romanov is not an Andropov protegeé, and is widely seen as one of the most likely potential successors, should Mr Andropov's bealth deteriorate further.

Mr Romanov gained a reputation as a tough ruler of the second most important Soviet city with its important defence industries and proximity to the West. He is reported, by senior U.S. diplomats who met him recently, to be strongly anti-American.

Describing the international situation as the most t ense since the Second World War Mr Romanov blamed the U.S. for the icy state of U.S.-Soviet relations and warned of "the unprecedented growth in the aggressiveness of the policy of U.S. imperialism all over the world."

CONTENTS

FitzGerald may put Ulster pressure on Thatcher in summit

BY MARGARET VAN HATTEM IN LONDON

DR Garret FitzGerald, the Irish Prime Minister, arrives in London todey for what the British Government fervently hopes will be a low-key, uneventful meeting with Mrs Margaret Thatcher, the UK Prime Minister.

It will be the first Anglo-Irish summit for nearly two years, the first since the sharp deterioration in relations over the Falklands crisis, when the previous Irish Government of Mr Charles Heughey was opeoly critical of Britain's use of force.

Both sides will wisb to put a formal seal oo the improvement in relations. Both London and Dublin believe that close relations are essential if there is to be any progress in what are recognised as common problems in Northern Ireland.

But already there is considerable apprehension in London that the Irish may raise the questioo of new constitutional arrangements in the North. Loodon wants to talk about day-to-day problems, such as security co-operation. It does not wish to discuss at this stage the constitutional position of Northern Ireland.

The disquiet arises from widespread coverage in the Irish and Britisb media in the past few days of the work of the Dublin-based Forum for a New Ireland.

The forum, which includes representatives of the main nationalist parties in the North and South, is due to report early next year on what it sees as the main options for constitutional change which might lead to political stability in the island as a wbole.

The options are expected to include proposals for joint Anglo-Irisb sovereignty in the North

Italian banks reluctant to join jumbo loan

BY ALAN FRIEDMAN IN ROME

MORE THAN a dozen Italian banks with loan exposure to Brazil have reluctantly recognised the need to participate in the new US$6.5bn jumbo loan being prepared for Brazil.

At a meeting, cbaired by the Banco di Roma, the Italian co-ordinator on Brazilian debt matters, the banks set three conditions under which they would be prepared to lend more funds to Brazil.

The first was the possibility of making the loans in Italian lira, rather than in U.S. dollars. This would require special approval from the Bank of Italy. The second condition discussed was that the International Monetary Fund give its seal of approval to the Brazilian economic programme.

Finally, the Italian banks seemed willing to join in the jumbo loan only if at least 90 per cent of the 800 banks involved also agreed to participate. "We don't waot to be alone out there," commented one banker in Rome.

The total exposure of Italian banks to Brazil is believed to be just under $1bn.

Disruption to worsen in Dutch pay action

By Walter Ellis in Amsterdam

DUTCH ministers and trade union leaders failed at the weekend to break a deadlock on public sector pay, with the unions set this week to step up further their campaign of disruption.

The Government, led by Mr Ruud Lubbers, is set on cutting wages in the public sector by at least 10 per ceot over the next three years and plans a 3 per cent reductioo from January 1. It had originally intended 3.5 per cent and sees the balf-point concession as generous.

The unions, thougb not united on tactics, bave indicated that a margin of 1.5 per cent is the most they could accept.

Employees at the post office sorting centre are due to start an indefinite strike today, bringing all deliveries of mail and parcels to an early halt. The police will also be operating a work-to-rule, although the Police Federation has assured the Government that it is not contemploting a strike.

Rail and bus routes throughout the Netherlands are already badly disrupted by a series of strikes and go-slows.

Strikes by civil servants and other public sector groups, lasting 24 or 48 hours, are scheduled to begin in a number of centres from today, with oational action also planned.

Ooe possible line of compromise was suggested at the weekend by Mr Bert de Vries, the left-wing Christian Democrat parliameotary leader. He urged that cuts io gross pay should not result io cuts in net income over the next three years. Mr Koos Rietkerk, the Civil Service Minister, bad said last week that this would bappen in 1984, at least in respect of a majority of employees, if the 3 per cent figure was agreed.

Philippines move

THE Philippioes Government has told all commercial banks to turn over their foreign exchange earnings to the central bank. The oew requirement came only three weeks after the central bank issued a circular ordering banks to sell 80 per cent of their exports receipts, writes Emilia Tagaza in Maoila.

UK, West German doubts on Esprit

BY PAUL CHEESERIGHT IN BRUSSELS

THE FUTURE of a broad-ranging EEC plan to strengthen the information technology industry against the challenge of the U.S. and Japan now depends on the willingness of West Germany and the UK to see Ecus 700m (£420m) written into the EEC budget.

Research ministers meeting in Brussels at an unusual weekend negotiating session have managed to settle most of the technical and procedural questions for the European Strategic Programme for Research and Development in Information Technologies (Esprit).

But neither West Germany nor the UK were prepared to commit themselves to the funding of the programme. The matter therefore goes to next month's summit of EEC leaders in Athens, where inevitably it will be linked to the general issue of EEC financing.

West Germany and Britain are the only net contributors to the EEC budget, two-thirds of which is absorbed by the agricultural sector. In their different ways, both are pushing to bring farm spending under control.

The UK is standing out against the provision of new financial resources for the EEC on the basis that, if farm spending is brought under control, there will be funds available for new EEC initiatives sucb as Esprit.

At the same time, Britain and West Germany have tbe most extensive national research programmes in the EEC for the information technology sector.

In the UK, the Alvey programme, like the Esprit plan for EEC as a wbole, aims to strengthen the tecbnological base of the industry by co-ordinating the researcb effort

The remaining members of the EEC bave agreed on an Esprit budget of Ecus 700m spread over five years, according to the European Commission. This is Ecus 50m less tban the Commission had proposed.

These funds would be used to provide balf the costs of agreed research and development projects which link together companies and academic institutions in different parts of the EEC. The other half of the funds needed would come from the private sector, making an Ecus 1.4bn programme spread over five years.

The idea, not contested in any member state, is to bring an EEC dimension to a gathering effort for overcoming the fragmentation of the EEC information technology sector so that the industry might increase its 10 per cent share of the world market and 40 per cent share of the domeatic market.

Greens' support sought in Hesse

BY JAMES BUCHAN IN BONN

THE RULING Social Democrats (SPD) in the West German state of Hesse will hold talks with the Greens which could open the way for the radical ecologists' first participation in a state government.

Herr Holger Boerner, the SPD Prime Minister of Hesse, said at his local party congress at the weekend that the SPD was ready to make compromisea to govern tbe state which be has attempted to rule without a majority since September, 1982. What is not yet clear is whether the Greens will dmand Cabinet posts as a price for their support in the Wiesbaden parliament.

Herr Boerner, wbo has made no secret of his distaste for the Greens, clearly seemed uncomfortable with the decision but said that the other parties in the state parliament, the Christian Democrats (CDU) and the Free Democrats (FDP), had rejected co-operation. A special election in September still failed to give him a majority, leaving tbe SPD holding 51 seats, the CDU and FDP 52 seats and the Greens seven.

The Greens, who are now represented in five state parliaments in Berlin and Bonn, greeted Herr Boerner's decision as "an astounding turn towards realism." The Hesse Environment Ministry is preparing a position paper for the talks with the Greens, which are likely to take place later this month.

Zero-growth budget likely for FAO

By James Buxton in Rome

AGRICULTURE and aid ministers from 152 countries, wbo began a three-week meeting in Rome at the weekend, are expected to approve a virtually zero-growth budget for the UN Food and Agriculture Organisation (FAO) for the next two years.

The fact that the $422m budget entails only 0.5 per cent real growth is a victory for the main Western aid donors, whicb have been campaigning vigorously for the Rome-based FAO to become more efficient and spend relatively more in the field and less on administration.

Two years ago the U.S., Britain, West Germany, Switzerland and Japan voted against the 1983-84 two-year budget, wbich entailed real growth of at least 8 per cent.

Chadli to seek better deal from Paris on official visit

BY FRANCIS GHILES, IN PARIS

ALGERIA'S President Chadli arrives in Paris today on a state visit which is expected to set the seal on the improved relations between France and ber former colony. The visit comes at a time of rising racial tension in France and the day after the first round of a by-election in Aulnay Sous Bois near Paris, in which the question of the more than 1m North African immigrants living in France is expected to figure prominently.

The Algerian leader will be pressing his French counterpart for more guarantees wbere the security of the 800,000 Algerian nationals living in France is concerned. The French will want to ensure that Algerian companies place more orders in France. That is most likely to bappen in the military field, where the Thompson group are competing fiercely with Plessey of the UK for a $1bn (£675m) contract to provide radar cover for Algeria.

French exports to Algeria increased by 40 per cent during the first seven months of this year compared with the same period in 1982, to reach FFr 10.2bn (£850m). But the trade deficit between the two countries remained large.

The French, however, are committed to buying 9bn cu m of natural gas every year from Algeria, at a price whicb is about 15-20 per cent above world market price.

Wider issues of international affairs will also be discussed, such as the crisis in Lebanon and the current stalemate in Cbad. Algeria remains one of a bandful of Arab countries whicb bas maintained relations with Iran

Domestic car sales up in U.S.

By Terry Dodsworth in New York

SALES of the U.S. domestic car manufacturers rose by 36 per cent last month compared with October 1982 as both Ford and General Motors achieved particularly strong growth.

Ford deliveries rose by more than 40 per cent to 150,000 units against 106,000 last year, and General Motors' were up by 38 per cent from 296,000 cars to 410,000.

Chrysler registered a smaller increase of 21 per cent from 71,000 cars to 86,000, wbile American Motors, in which Renault of France bas a controlling stake, raised sales by about the same percentage.

Tbe October performance has persuaded the big U.S. manufacturers to stay with their ambitious fourth-quarter production targets of 1.98m cars.

Some outside economists have criticised Detroit's present buoyant mood on the grounds that current sales levels cannot be maintained. But the latest indications from the industry are for a sustained output increase througb the rest of this year, and a further expansion in the first quarter of 1984.

On present targets, the industry is scheduled to make 2,210,000 cars in the January to March period, a 17 per cent increase on 1983.

Over the first 10 months of this year, GM, the market leader, has achieved a 16.4 per cent increase in sales to 3.37m units, while Ford is up by 16.2 per cent to 1.29m cars.

Iran claims big losses in latest Gulf fighting

By Our Middle East Staff

IRAQ has intensified its missile and air strikes against western Iranian towns in response to the latest thrust by Iranian forces across the northern border near the town of Penjwin.

Iran said yesterday that 73 people had been killed and more than 550 injured in Saturday's attacks against four cities. Mr Tariq Aziz, Iraq's Foreign Minister, said in a letter to Mr Perez de Cuellar, the UN Secretary General, that more attacks might follow if Iran did not halt its offensive.

Ayatollah Khomeini, Iran's spiritual leader, pledged yesterday that revenge for the Iraqi attacks would take place on the battlefield. He ordered his forces not to respond against Iraqi civilian targets. "Make sure that not even one bullet is fired at Iraqi towns," he said.

Iran claims that Iraqi air and missile attacks have in the past two weeks taken the lives of 302 people and left another 1,350 wounded. The cities bit on Saturday were Behbehan, Masjed Suleyman, Andimehk and Nahavand.

Diplomats leave

North Korean diplomats left Rangoon yesterday on a North Korean plane after the Burmese Government severed diplomatic relations and ordered them to leave over last month's terrorist bombing, AP reports from Rangoon.

Ershad may stand

THE military ruler of Bangladesh, Lt.-Gen. Hussain Mohammad Ershad, is expected to stand for election as President in elections around the middle of next year, writes John Elliott in Dhaka.

Gen Ershad gave the strongest indication yet of his intentions when he returned at the weekend from a visit to the U.S. where he met President Reagan.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 75 Rockefeller Plaza, NY, NY 10019.

DECISION TODAY ON AUSTRALIAN PROPOSALS

Hawke faces crucial uranium vote

BY MICHAEL THOMPSON-NOEL IN SYDNEY

IT IS A large office, enjoying wall-to-wall views of the major work of nature that is Sydney barbour. Yet there is little time for pleasantries, for Mr Anthony Grey, chairman of Pancontinental Mining, is discussing uranium—specifically, today's crucial vote in Canberra on a package of proposala concerning the future of the Australian uranium industry.

The vote marks the biggest political test to date of Mr Bob Hawke, the Australian Prime Minister, though it is unlikely to mark an end to the bitter wrangling within the Australian Labor Party (ALP) over whether Australia, which has the world's richest reserves of low-cost uranium, should leave the "bloody stuff," as Mr Hawke has called it, firmly in the ground.

At present, official ALP policy demands that Australia scrap its uranium industry (except where uranium is discovered coincidentally with other minerals), and repudiate all sales contracts.

Mr Grey is not pleased. He says the package is "absurd."

Today's vote is crucial to Mr Hawke, because it gives him an opportunity to rout his rebellious left wing. Indeed in the view of one observer: "The row is less about uranium than about a dirty power struggle between left and right."

One Cabinet member, Mr Stewart West (Immigration and Ethnic Affairs), has already resigned, saying he could not support the Hawke package, though Mr Hawke by no means mourned his going.

There are five main strands to the Hawke plan, which will be voted upon by the 105-member parliamentary Labor caucus.

First, Cabinet is pressing for a go-ahead for the Olympic Dam copper-gold-uranium-silver find at Roxby Downs, South Australia, thought to contain enough uranium (approximately 1.2m tonnes) to cover world demand for 40 years.

Second, with the exception of two new contracts negotiated on behalf of the Ranger mine, no new contracts will be permitted, pending a full inquiry into Australia's role in the world's nuclear cycle.

Third, with the exception of Olympic Dam, no new uranium mines will be developed.

Four, all exports will be subjected to even more stringent safety conditions than apply at present.

Five uranium sales to France, which are at present suspended, will be reviewed in the light of talks aimed at achieving a halt to French nuclear testing in the Pacific.

Cabinet's backing for the A$2bn (£1.24bn) Olympic Dam project is cheering to the partners: Western Mining Corporation (51 per cent) and BP Australia (49 per cent), whose planned initial production rate at Olympic Dam is 3,000 tonnes of uranium a year, plus a king's ransom in copper, gold and silver.

Indeed, a paper circulated to ALP caucus members last week said that uranium export earnings in the next decade could total A$7bn.

Only two mines are producing at present, Ranger and Nabarlek, both in the Northern Territory. However, the most serious flaw in the Hawke package to be voted on today is that a go-ahead for Olympic Dam is being sought at the expense of uranium discoveries elsewhere—a situation likely to train Mr Hawke's (hitherto excellent) relationship with Big Business.

In addition to Olympic Dam, there are seven other significant discoveries so far undeveloped. They are Jabiluka and Koongara in the Northern Territory; Yeelirrie and Lake Way in Western Australia; Ben Lomond in Queensland; and Honeymoon and Beverley in South Australia.

At Jabiluka (estimated reserves: 200,000 tonnes), Pancontinental's partner, Getty Oil, has already spent A$50m on exploration, testing, environmental studies, and payments to Aborigines. There is already a township, complete with shopping centre, capable of housing 3,000 people.

Mr Grey says the Labor wrangling on uranium is nonsensical. "In effect, Labor has beaten the alchemists and created a new element—'good' uranium. As at Roxby Downs, 'good' uranium is that which is mined in conjunction with other minerals. 'Bad' uranium is that found on its own."

Mr Hawke is expected to win today's vote in Canberra; he has to. But that will mark the start, not the resolution, of his problems.

Mugabe warns Nkomo and Sithole

By Our Harare Correspondent

MR ROBERT MUGABE, whose security police last week detained former Prime Minister, Bishop Abel Muzorewa, has warned two other political leaders, Mr Joshua Nkomo, and the Rev Ndabaningi Sithole, that they face arrest if they continue with "subversive activities."

Speaking at a party rally at the weekend, the Zimbabwe Prime Minister described this as "his last warning" to minority leaders, "engaged in or planning to launch subversion."

He repeated his charge that more than 5,000 Muzorewa supporters were under training in South Africa and some were even being assigned to "destabilise" other Southern African countries.

Meanwhile, Bishop Muzorewa is being held at the Goromozi prison 20 miles from Harare, where he is reported to have gone on a hunger strike.

Scoon plea on U.S. troops

BY CANUTE JAMES IN KINGSTON

SIR PAUL SCOON, the Governor-General of Grenada, has said he would like U.S. troops now on the island to remain for as long as possible.

Sir Paul was speaking as the U.S. military continued to withdraw soldiers who invaded the island 13 days ago, toppling the military government which had taken power in a bloody coup six days earlier.

"I would like to keep them as long as possible and I have been saying that to everybody," he told a group of U.S. Congressmen visiting the island.

This has raised questions in the region that Sir Paul may want U.S. troops to say until an election is held in Grenada.

Sir Paul had said earlier that an election would be held within a year.

Prolonged U.S. military presence on the island could complicate plans for a Commonwealth peace-keeping force.

Several countries which objected to the invasion are willing to contribute soldiers and policemen to the force, but might be reluctant to do so while there is a strong U.S. military presence.

Sir Paul has also asked the U.S. to complete the construction of the controversial airport in the island's south.

The airport was being built by about 600 Cuban construction workers who are now being repatriated, and with help from Venezuela and U.S. and British companies.

> ‘I would like to keep them as long as possible and I have been saying that to everybody’—Sir Paul Scoon

It is not clear how American involvement in the completion of the airport will affect the £6.6m contract from the previous Grenada Government to Plessey Airports of Britain.

The company's work, which was backed by the Export Credits Guarantee Department (ECGD), has not been completed.

Mr Alistair McIntyre, deputy-Secretary General of the United Nations Conference on Trade and Development (Unctad), is likely to be asked this week to head Grenada's interim government which will manage the island's affairs until an election.

Mr McIntyre, a Grenadian economist, has been in several meetings with Sir Paul. He went to Grenada from Venezuela where he had been on Unctad business.

As head of the interim government, Mr McIntyre would command the respect of the heads of government of Caribbean countries which have supported or opposed the invasion.

In the late 1970s he was Secretary-General of the Caribbean Economic Community and is well-known to the political leaders of the region.

WORLD TRADE NEWS

Lee Cooper jeans to be made in Hungary

By David Buchan, East Europe Correspondent

LEE COOPER, the UK jeans manufacturer, has broken into its third Comecon market with a three-year licensing agreement under which Budaflax, the Hungarian textile company, will use the Lee Cooper trademark and technology to make about 300,000 pairs of jeans a year.

The UK firm already has licence agreements with Czechoslovakia and Yugoslavia. It is looking for further opportunities in Eastern Europe, said Mr Michael Cooper, its managing director, in the belief that enormous unfilled demand for western jeans exists there.

Hungary, unlike any other East European country, now has two western jeans-making operations. Levi Strauss, the U.S. company, licensed jeans production about five years ago with another Hungarian enterprise, which is turning out about 600,000 pairs of Levis a year. But the bulk of this is for export, whereas most of the Lee Cooper output is scheduled for the home market.

Hungarian officials say that the two foreign jeans operations fit in with the eim of their economic reforms in encouraging competition.

Carla Rapoport reports on R & D in the pharmaceutical industry

Research challenge for the giants

DRUG RESEARCH expenditure by companies in Sweden, France and Japan has been stepped up in e bid to challenge the traditional domination of the $80bn-a-year industry by the U.S., West Germeny and Switzerland.

In a ranking of research expenditure as a percentage of sales for 1982, Nippon Chemiphar of Japan tops the list with 18.18 per cent. The top 10 companies in the list include two companies from Sweden and three from France (see table below).

TOP SPENDERS ON DRUG RESEARCH 1982-83

Company	R & D as % of sales
1. Nippon Chemiphar (Japan)	18.18
2. Astra (Sweden)	16.89
3. GD Searle (U.S.)	16.84
4. Synthelabo (France)	16.36
5. Pharmacia (Sweden)	13.91
6. B Ingleheim (W. Germany)	15.19
7. Delalande (France)	11.92
8. Johnson & Johnson (U.S.)	14.30
9. Schering (W. Germany)	14.22
10. Rhône-Poulenc (France)	14.00

Source: Based on material supplied by Scrip, the London-based Pharmaceutical newsletter

The rankings, which include companies with annual sales of $50m or more, show research expenditure as a percentage of the company's pharmaceutical sales, as opposed to total sales.

Nippon Chemiphar, with sales of $70.7m, is ranked only 109 in the league of world pharmaceutical companies according to sales. Pharmacia, one of Europe's fastest growing pharmaceutical groups, is just 96th in the world league, while Delalande is ranked 103rd. Of the top ten research spenders, only Johnson & Johnson is e major international company, ranked 17th in terms of sales, with a turnover last year of $1.1bn.

In fact none of the top research spenders are among the world's top ten pharmaceutical companies (see second table). These companies are ranked only by their sales of pharmaceuticals. Hoechst, for example, is the world's largest drug company, even though drugs make up less than 18 per cent of its total sales.

According to Wood, MacKenzie, Edinburgh stockbrokers, the pharmaceutical industry's overall commitment to research has been growing steadily. In 1978, companies reported an overall ratio of 10.3 per cent of R & D as e percentage of sales. Last year, that ratio was 11.8 per cent.

LEADING PHARMACEUTICAL COMPANIES 1982-83

	Pharmaceutical sales	Change %
1. Hoechst (W. Germany)	$2.6bn	+8.1
2. Bayer (W. Germany)	$2.4bn	+7.4
3. Merck & Co. (U.S.)	$2.2bn	+7.6
4. Am Home Products (U.S.)	$2.1bn	+23.5
5. Ciba-Geigy (Swiss)	$2.05bn	+8.0
6. Pfizer (U.S.)	$1.7bn	+16.5
7. Eli Lilly (U.S.)	$1.5bn	+13.2
8. Hoffman-La Roche (Swiss)	$1.5bn	+1.6
9. Sandoz (Swiss)	$1.4bn	+2.6
10. Bristol-Myers (U.S.)	$1.3bn	+4.5

Source: Scrip

This trend is primarily due for the following reasons:

● The success of Smith Kline's anti-ulcer drug, Tagamet, currently the world's best selling drug with sales of $1bn worldwide, has prompted other companies to seek their own best-seller;

● A more realistic approach to drug approval by most countries' regulatory anthorities has broken the spiral of increasing demands of these bodies in many therapeutic areas;

● New technologies and greater scientific understanding which hava become available recently offer scope for entirely new therapies in many areas of disease; and

● Recent indications that governments are less likely to license "me-too" products, meaning that real innovation is increasingly necessary.

The growing expenditure on research has also increased the number of licensing deals between companies.

UK small hovercraft to be built in Bahamas

By Nicki Kelly in Nassau

GP SPECIALIST VEHICLES, one of the UK's leading producers of small hovercraft, will begin manufacturing its four-seater Hover Hawk in the Bahamas early next year.

Mr Charles Cocking, president of GP's Hover Hawk subsidiary in Dallas, Texas, said vehicles manufactured at the Freeport, Grand Bahama, plant will be marketed in the eastern U.S. and the Caribbean. The Dallas plant will service the western and mid-western U.S.

GP expects the Freeport subsidiary to benefit from the favourable trade terms afforded Bahamian exports to the U.S. by the 1974 U.S. Trade Act.

● A joint company has been formed by British Aerospace Dynamics Group and Bodenseewerk Geraetetechnik of West Germany to be prime contractor for the development and manufacture of the advanced short range air-to-air missile (Asraam), our Trade Staff reports.

● China has received its first export orders for two new models of ultralight aircraft, including 1,000 for an unnamed U.S. firm, Reuter reports from Peking.

Opec countries see dramatic reversal of trade balance

BY IAN HARGREAVES

MEMBERS OF the Organisation of Petroleum Exporting Countries (Opec) suffered e dramatic reversal of their collective current account trade balance in 1982, but still managed to increase their share of world trade in refined oil products and their share of the world tanker fleet.

Official statistics from Opec show that in 1982, members recorded a $2.6bn current account deficit, compared with e surplus of over $61bn in 1981, as demand for oil dropped during the recession and some non-Opec members, such as Britain, increased oil production.

Opec crude oil exports in 1982, at 18.5m barrels a day, were down by almost 23 per cent on 1981 and Opec's share of world crude oil trade fell from 71.6 per cent to 64 per cent in 1982. Only Iran and Iraq increased their crude exports in 1982.

Opec's refining capacity also fell in 1982, from 6.24m b/d to 5.41m b/d but exports of refined products rose from 1.8m b/d to 2.12m b/d. This increased Opec's share of the refined product trade from 21.8 per cent to 24.6 per cent.

Natural gas production also fell from 118.16bn cubic metres to 108.48 cubic metres in 1982.

The organisation's shipping activities increased, giving Opec e 5.7 per cent share of the world's tanker fleet, up from 4.4 per cent in 1981. At the end of the year Opec states controlled 167 vessels, totalling 17.36m deadweight tonnes.

The value of Opec non-oil exports has also continued to rise, amounting to $16.5bn in 1981 and rising to $17.2bn in 1982.

● Richard Johns adds: All of Dubai's territory, onshore and offshore, is now covered by exploration agreements following the award to the Dubai Petroleum Company (DPC/DUMA) of a 65,000-acre concession inland from Jebel Ali.

The company holds all offshore rights and is responsible for all Dubai's production, which has been running at a rate of about 350,000 barrels a day.

It is a consortium made up of Continental (30 per cent), the operator, Compagnie Francaise des Petroles (25 per cent), Hispanoil (25 per cent), Deutsche Texaco (10 per cent), Wintershall (5 per cent) and Sun (5 per cent).

Last week an agreement with the Adolph Lundin group was announced. Since Sheikh Rashid bin Said al Muktum, the Ruler of Dubai, decided last year to grant concessions for all available territory, other concessions have been awarded to British Petroleum, Taylor Woodrow, KCA and MAPCO.

Swiss consider arms sales to Taiwan

By John Wicks in Zurich

THE SWISS Federal Council is considering whether to permit sales of Swiss military material to Taiwan. This follows representations by the companies Mowag Motorwagenfabrik, of Kreuzlingen, and the Oerlikon-Buehrle group, of Zurich.

The Taipeo Government is said to have shown interest in the armoured-car range of Mowag, particularly the Pirahna vehicle used as a carrier for the American anti-tank missile Tow 2, and in the Skyguard anti-aircraft system made by Oerlikon-Buehrle.

A Swiss law governing the export of arms says that deliveries may "as a rule" be made only to foreign governments or manufacturing companies holding a contract from governments. Since Switzerland has recognised only Peking since as long ago as 1950 it has no diplomatic relations with Taipeo and, therefore, does not recognise the authorities there as a government.

● ITT announced on Friday that its subsidiary companies, Bell Telephone Manufacturing (BTM), in Belgium and Taiwan International Standard Electronics (Taisel) have won a competitive tender for the supply of two digital toll exchanges, each providing 30,000 trunk lines, to the Telephone Administration of Taiwan (DGT), Our Trade Staff writes.

Together BTM and Taisel will supply ITT's System 12 equipment for the DGT network. One of the exchanges will be used later as an international gateway exchange. Full support for development, production, and installation of the System 12 equipment is being given to Taisel by BTM.

Other bids came from AT & T, Northern Telecom, L. M. Ericsson and GTE.

Private trade talks seek end to protectionism

TRADE MINISTERS and officials from 15 industrialised and developing nations discussed ways of boosting trade and cutting protectionism in three days of private talks which ended in Lausanne yesterday.

The informal debate, sponsored by the Geneva-based European Management Forum, sought methods of reducing trade barriers after governments had warned that continued protectionism could hold up a world economic recovery, officials said.

According to the international trade organisation, Gatt, global trade is likely to stagnate this year after it fell 2 per cent in 1982, only the third decline since World War II. Mr William Brock, the U.S. trade representative told journalists the greatest single threat to trade was the international debt problem.

Officials said the meeting had discussed the possibility of accelerating tariff cuts agreed in Tokyo trade talks in 1979. One proposal was that the cuts, which nations have pledged to implement in eight-yearly steps until 1987, could be speeded up on e global basis.

Herr Wilhelm Haferkamp, the European Commissioner for External relations, had suggested, however, that any accelerated reduction of trade barriers could come into force only in countries showing 2 per cent annual economic growth.

Also under discussion was a closer co-operation between the Gatt, General Agreement on Tariffs and Trade, and the International Monetary Fund over the debt problem. The IMF has organised loans for debtor countries on condition that they implement economic programmes which have sometimes included a squeeze on imports. Reuter

SHIPPING REPORT

Rise in charter rates boost used tanker sales

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE RECENT improvements in tanker chartering rates, prompted in part by fears of disruption to oil supplies from the Gulf, led to a flurry of second hand tanker sales last week.

Charter rates remained mainly higher during the week though little new business was actually concluded.

Because of nervousness about the situation in the Middle East, a number of charterers are concentrating instead on such loading areas as the Caribbean and Mediterranean.

Fearnleys, the Oslo ship broking firm, reported that the volume of sales of scrap rose to 26.9m deadweight tonnes in the first 10 months of 1983 from 22.7m in the same period of last year.

Most of the demolition sales were of tankers—192 vessels totalling 20.4m dwt including 58 VLCCs and ULCCs (very large and ultra large crude carriers) of 13.1m dwt.

Galbraith Wrightson said, last week saw the sale of two ships, including one VLCC (the Alaman), to Taiwanese breakers and two to Chinese breakers. Among tankers sold for continued employment—that is not for scrap—were the Minotavros (139,000 dwt and built in 1975) and the Asterion (102,000 dwt built in 1968), which went to buyers in New York for $9.25m, and $3.4m respectively.

Two other mid-1970s-built tankers were also sold. Norwegian interests bought the 87,000 dwt Grand Hawaiian built in 1975 from its Hong Kong owners for $9.5m, including s time charter until June, 1985. French oil company Total bought the 1980 built Ionia of 82,000 dwt (fitted with the latest anti-pollution and safety equipment) for a reported $17.75m.

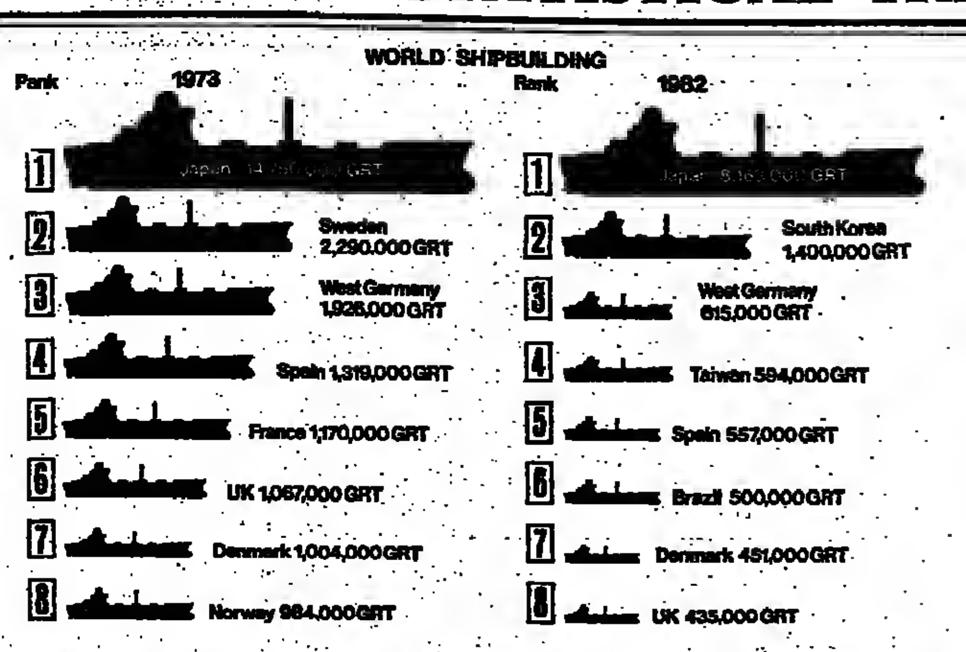
World Economic Indicators

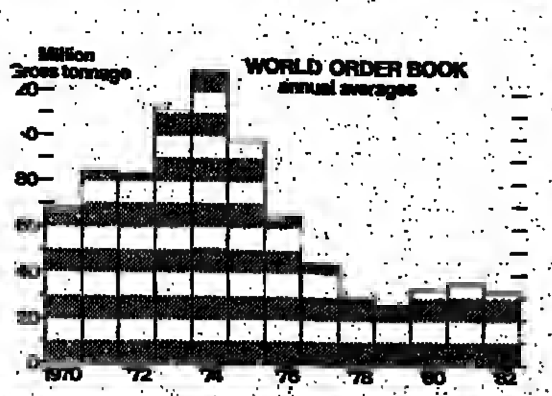
RETAIL PRICES (1975 = 100)

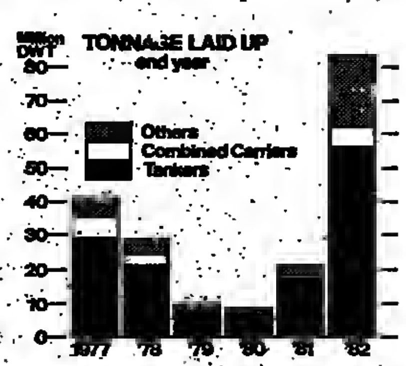
	Sept. '83	Aug. '83	July '83	Sept. '82	% change over previous year
UK	251.9	250.6	249.6	239.6	5.1
W. Germany	141.2	140.9	140.5	137.2	2.9
France	232.2	230.6	229.2	211.7	10.0
Italy	351.0	346.6	344.9	309.9	13.3
Netherlands	158.2	157.5	157.1	154.4	2.5
Belgium	174.9	173.7	172.1	163.0	7.3
Japan	150.9	149.1	149.7	150.2	0.5
	Aug. '83	July '83	June '83	Aug. '82	
U.S.	186.3	185.6	184.9	181.6	2.6

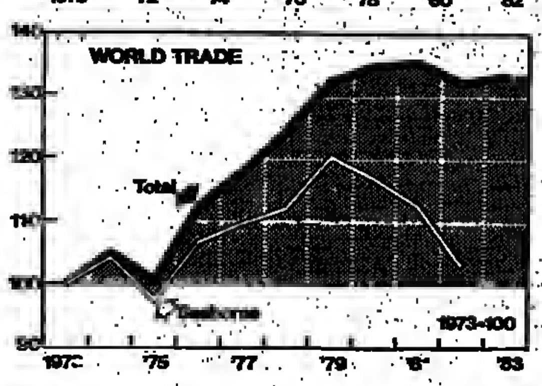
Source: Eurostat

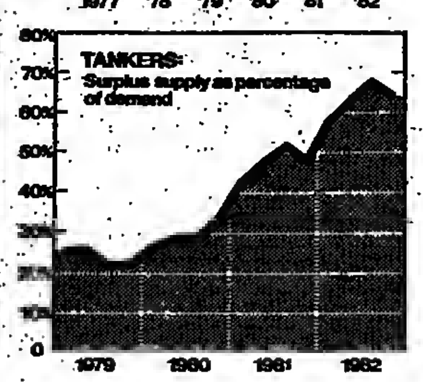
STATISTICAL TRENDS: SHIPPING AND SHIPBUILDING

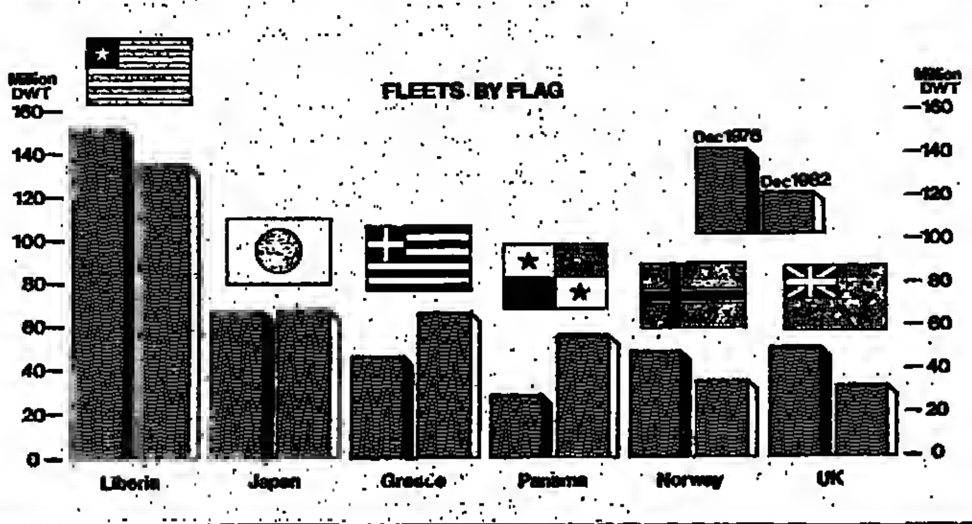












Ship owners unlikely to boost recovery

IT WOULD TAKE an extraordinary recovery in the world economy and growth in world trade to return shipbuilding order books to the halcyon days of 1973-74, when orders reflected about five years of 1973 output levels.

With current overcapacity in the world's shipyards estimated at 40 per cent, shipowners are unlikely to provide the impetus to recovery. There was a general downturn in seaborne trade in 1982 and shipping rates are below the level sufficient to give an adequate rate of return on investment. At best, the volume of orders for the next few years will be little more than the current level of output.

Commentary by Our Economics Staff; data analysis by Financial Times Statistics Unit; charts and graphs by Financial Times Charts Department.

Last year was worse than anticipated in terms of the decline in seaborne trade. There were falls of 11 per cent in oil trade, nearly 6 per cent in dry bulk, and over 3 per cent in other dry cargo. The growth in seaborne trade has not kept pace with the overall growth in world trade. While total trade grew by 32 per cent between 1975 and 1979, seaborne trade grew by only 20 per cent. In the 1979-82 period, when world trade stagnated, seaborne trade fell by 15 per cent. The outlook for 1983 is for virtually no growth in world trade.

"The 1973 oil crisis led to a drastic decline in orders for tankers: the 1974 high of nearly 200m deadweight tonnes fell to 18m by 1981. The world recession which has brought a drop in oil consumption and trade, further depressed the tanker market, leading to a worsening of the balance between supply and demand since 1981.

Over the next few years, the outlook for seaborne trade indicates a slight recovery in trade in oil and oil products, against a background of low growth in energy demand. Coal trade, however, will remain in the doldrums. There are some optimistic forecasts for pig iron trade based on the close relationship between economic recovery and the demand for steel products.

Total output of ships has halved since the early 70s, and there has been a shift of supremacy from the West European producers to those in the Far East. Japan continues to dominate the world rankings with half of world output, six times more than South Korea, its nearest rival. South Korea has experienced a meteoric rise from 23rd place in 1973 to second place in 1982. Taiwan has moved from 19th to fourth place.

The size of the world fleet fell in 1982 for the first time in 50 years, and volume of laid-up shipping increased substantially, from 21m dwt in 1981 to 83m dwt last year.

WORLD ORDER BOOK

(at January 1 mDWT)

	Oil tankers	Combined carriers	Bulk carriers	Others	Total
1971	80.6	28.8	22.4	14.5	144.2
1972	95.8	22.0	25.1	11.8	154.7
1973	119.4	14.8	17.8	10.4	182.5
1974	196.9	10.2	23.8	11.4	242.3
1975	169.2	7.5	20.8	14.7	212.2
1976	77.3	6.5	28.2	17.0	127.0
1977	31.4	4.5	23.4	19.9	79.2
1978	16.0	2.1	13.5	17.6	50.1
1979	9.7	1.8	6.2	14.1	32.0
1980	18.4	2.3	12.9	10.5	44.1
1981	17.9	3.1	26.7	9.4	57.1
1982	12.0	3.1	31.7	6.4	58.2
1983	7.0	2.2	21.6	9.6	40.5

Source: Fearnleys Review

MERCHANT VESSELS LAUNCHED (000 gross registered tons)

	UK	W. Germany	Spain	France	Sweden	Japan	S. Korea
1970	1,237	1,687	926	980	1,711	10,476	—
1971	1,239	1,650	916	1.112	1,837	11,992	7
1972	1,242	1.632	1,134	1,128	1,810	12,835	16
1973	1,010	1,804	1,554	1.124	2,507	15,736	44
1974	1,262	2,109	1,426	1,343	2,214	17,584	445
1975	1,294	2,545	1,633	1,316	2,470	17,740	435
1976	1,347	1,786	1,624	1,208	2,367	14,624	674
1977	1,124	1,373	1,568	1,148	2,127	9,838	463
1978	814	589	643	644	1,305	4,801	402
1979	608	374	512	728	461	4,249	441
1980	242	461	510	328	326	7,308	626
1981	342	665	606	246	363	9,140	1,207
1982	525	682	613	321	280	6,300	1,531

Source: UN. Lloyds

ORDER BOOK/OUTPUT (000 GRT)

Cntry	73 output	1st quart 74 orders	Future* work load (yrs)	82 output	1st quart 83 orders	Future* work load (yrs)
Japan	14,760	61,889	4.2	9,163	8,849	1.1
S Korea	14	1,272	(90.8)	1,400	2,183	1.6
Sweden	2,290	10,960	4.8	287	493	1.7
France	1,170	5,883	5.0	265	650	2.5
W. Germany	1,926	7,630	4.0	615	823	1.3
UK	1,067	7,286	6.8	436	752	1.7
Spain	1,319	7,564	5.7	557	1,554	2.8
W. Europe	11,996	56,943	4.7	3,864	7,209	1.9

* Ratio of orders to previous year's output.

Source: Lloyds. Drewry Shipping Consultants

WORLD FLEET

(% by type, at January 1)

	Oil tankers	Combined carriers	Bulk carriers	Others	DWT million Total (100%)
1971	47.0	4.9	19.2	28.9	321.1
1972	48.0	5.9	19.8	26.3	366.4
1973	48.1	7.4	20.3	24.2	392.7
1974	49.0	8.5	20.3	22.2	439.9
1975	51.5	6.5	19.8	20.2	493.8
1976	53.5	8.1	19.4	18.6	543.7
1977	54.2	7.8	16.7	16.2	591.3
1978	53.1	7.7	20.7	18.4	624.6
1979	51.6	7.6	21.3	16.1	632.7
1980	51.2	7.6	21.6	19.6	637.8
1981	50.6	7.4	22.2	16.8	641.3
1982	49.4	7.0	23.8	19.8	648.7
1983	46.9	6.9	26.0	20.2	642.3

Source: Fearnleys Review

TRAMP TRIP CHARTER INDEX

1976 = 100 end of period		'77	'78	'79	'80	'81	'82	'83
M	94	89	92	129	247	211	131	108
J	109	85	119	187	270	204	118	111
6	110	82	122	183	220	154	85	89
D	95	90	123	239	233	135	97	

Source: General Council British Shipping

ENERGY CONSUMPTION

	World Primary Energy Consumption (m tonnes oil equivalent)	World Oil Consumption (m b/d)
1972	5,631	52.8
1973	5,923	57.0
1974	5,965	56.4
1975	5,969	55.7
1976	6,291	59.2
1977	6,491	61.3
1978	6,708	63.1
1979	6,944	64.1
1980	6,904	61.6
1981	6,862	60.1
1982	6,835	58.5

Source: BP Statistical Review

WORLD SEABORNE TRADE (million tonnes)

	Crude Oil & Products	Iron Ore	Coal	Grain
1971	1,317	250	94	91
1972	1,446	247	96	108
1973	1,640	298	104	139
1974	1,625	329	119	130
1975	1,496	292	127	137
1976	1,682	294	127	146
1977	1,748	276	132	147
1978	1,727	278	127	169
1979	1,817	327	169	182
1980	1,638	314	188	198
1981	1,482	303	210	206
1982	1,287	272	202	202

Source: Fearnleys Review

EXPORTS % changes in volume

	1970-75	1975-80	1976-81	1982	1983
World	5.6	6.4	2.9	− 2.5	1.0
Industrial countries	5.6	6.3	4.6	− 2.5	0.5
Oil exporters	0.0	1.2	7.4	−16.1	−4.0
Non-oil develop'g	6.6	9.4	9.3	0.8	4.5

Source: OECD and IMF

GDP GROWTH annual average %

	68-72	73-79	1980	1981	1982	1983
OECD-Europe	4.4	2.6	1.5	−0.2	0.2	0.6
U.S.A.	4.0	2.7	−0.4	1.8	−1.9	3.1
Japan	10.5	3.8	4.8	3.8	3.0	3.2
Non-oil devlpg	6.0	4.6	4.8	2.5	1.4	2.3
Oil-exporting	9.0	8.3	−2.3	−4.3	−4.9	—

Source: IMF

BULK TONNAGE*

As a percentage of world shipbuilding output

Year	Tonnage (million GRT)	% of total GRT
1973	24.36	80
1974	28.31	84
1975	28.98	85
1979	27.83	82
1977	19.27	70
1978	10.03	55
1979	6.89	48
1980	6.89	53
1981	11.83	70
1982	11.96	71

* Bulk carriers, tankers and combined carriers

Source: Drewry Shipping Consultants Ltd

COMPENSATION COSTS IN SHIPBUILDING 1980

USA	100	GERMANY	119
JAPAN	57	NETHERLANDS	106
KOREA	14	FRANCE	90
TAIWAN	16	NORWAY	100
DENMARK	95	UK	63

USA=100

Source: U.S. Bureaux of Labour

UK NEWS

Ministers expect deal on defence spending

By Peter Riddell, Political Editor

THE CABINET will reach final decisions on Thursday about public expenditure plans for the next few years, in preparation for a statement by Mr Nigel Lawson, the Chancellor of the Exchequer, later this month.

The only major outstanding issue is defence expenditure where there is still a gap of between £300m and £400m between the Treasury's target and the bid from the Ministry of Defence.

Mr Michael Heseltine, the Defence Secretary, has apparently so far rejected proposals made by the committee of senior ministers under Lord Whitelaw which has been assessing expenditure plans.

Senior ministers expect, however, that a compromise will be worked out within the next few days. This will allow Mr Heseltine to claim that Britain is sticking to the Nato target of a 3 per cent annual real growth in defence spending, and permit the Treasury to say that expenditure for 1984–85 is within the present planned limit of £126.4bn.

Mr Lawson's statement will include the broad spending decisions, plus a half-yearly review of the economic and monetary picture and the latest Treasury forecasts. There will also be announcements about financial limits for local authorities and nationalised industries from next April.

Spending set to overshoot, Page 10

Tory policies under fire at CBI conference

BY JOHN LLOYD

BUSINESS PRESSURE on the Government to ease up on its anti-inflation strategy and to increase capital spending could grow sharply after this week's conference of the Confederation of British Industry (CBI).

The seventh annual conference opens in Glasgow today with debates on the "global economy" and a "more enterprising Britain." They contain resolutions which are respectfully critical of the Government and plead for a respite from the full rigours of a tough deflationary policy.

CBI leaders are looking to the debate to tell them – and the Government – how far members' support for the Government is qualified by their desire for a less bracing monetary environment in which to operate. They accept that the two-day conference, which has a purely advisory role, could act as a warning that their harder-pressed members' loyalty has its limits.

Resolutions from the CBI's West Wales and Avon committees, and from the northern and south-west area councils, which are more overtly critical of Government policy, have not been chosen for discussion on the grounds that they would "polarise" the debate. However, some of this more robust criticism is expected to surface today.

The key resolution, in the name of James Neill Holdings, recognises "that lower inflation does not automatically produce higher growth" and enjoins the Government "to adopt such flexible policies as may be necessary to ensure sustained growth."

A motion from a group of construction employers' federations urges the Government to correct the "imbalance" between cuts in current and capital expenditure in favour of the latter in the next public expenditure review.

Sir Campbell Fraser, chairman of the CBI and of Dunlop Holdings, said that the 828 delegates came to Glasgow in the hope that the recovery would be sustained.

He said: "So far most of the impetus for growth has come from consumer-spending and the end of destocking. Manufacturing investment and export demand have made too little contribution. Government can help by creating the right climate for the months ahead."

However, both Sir Campbell and Sir Terence Beckett, the CBI's director general, emphasised the need for self-reliance which is a sub-theme to the dominant "managing recovery" theme of the conference. Sir Campbell said: "Trade and industry don't want wet nursing."

The CBI has called on the European Commission and the UK Government to speed up the EEC's proposed regulations on protection against unfair trade.

Shell UK faces national strike

SHELL UK faces a national strike from tomorrow by its 1,750 oil tanker drivers and distribution workers unless it puts back on to the payroll 220 drivers suspended in a dispute over picketing.

Voting figures will not be disclosed until today but reports from terminals around the country show that drivers have backed their shop stewards' recommendation in a secret ballot.

The tanker drivers' involvement would mean a sharp escalation of the three-week-old dispute over a 4.5 per cent "final" pay offer to Shell refinery workers, which has halted output at two refineries accounting for three-quarters of the company's production.

Shop stewards also intend to seek support from drivers in other oil companies. If these were dragged into the strike by refusing to cross picket lines, supplies of petrol and oil products to consumers would be disrupted even though there is overcapacity in the market.

The Transport and General Workers' Union is angry because drivers at Stanlow and Haydock, in North-West England, have been suspended. This follows picketing at both locations by Stanlow refinery workers.

Stanlow drivers refused to cross the picket lines. The company claims that the Haydock drivers also failed to make a reasonable effort to cross them. The drivers say they were prepared to work but the company prevented them from doing so.

● BUILDING SOCIETIES are holding a series of meetings this week to debate cutting interest rates on mortgages and investments.

There is growing belief that the Abbey National will cut its rate next month, but other leading societies say such a move would be premature. The other four top societies, Halifax, Leeds, Nationwide and Woolwich, have said they hope a reduction will be possible next year.

● A LARGE gap in the income of the Liberal Party has been created by the decision of the Joseph Rowntree Social Services Trust to stop making general grants to political parties for the time being.

Liberal leaders are meeting in London today to discuss the implications for the party's 1984 budget.

Labour funding crisis looms

BY BRIAN GROOM, LABOUR STAFF

UNION LEADERS will this week seek ways to resist a twin threat which would cut the Labour Party's £3.6m annual income and plunge it into severe financial crisis. There is little optimism that they will succeed.

The challenge comes from the Government's proposals for membership ballots on whether unions should continue to collect political levies; and the threat of a series of legal rulings that unions wrongly used money from their general funds when investing £1.3m in Labour's Walworth Road headquarters, in south London.

Unions affiliated to Labour are considering a jointly funded campaign for a "yes" vote in the ballots, which will have to be held within a year of the new Trade Union Bill being passed.

One suggestion is that the ballots should all be held on the same day and that Mr Neil Kinnock, Labour's leader, should take a prominent part in the campaign to win them.

That will be discussed at a meeting of Trade Unions for a Labour Victory on Wednesday, but the potential losses if the campaign fails would be magnified by holding the votes together.

A more likely tactic is to arrange the ballots so that unions confident of winning would hold theirs first in the hope of influencing the vote in the weaker ones by creating a "bandwagon" effect.

Unions which expect a "yes" vote, such as the General, Municipal and Boilermakers, may hold their ballots early in any case so as to remove the uncertainty hanging over them. They would then not have to ballot again for another 10 years.

The second threat to Labour's finances comes from an employment appeal tribunal ruling that the white-collar union ASTMS wrongly contributed £42,952 from its general fund to the Walworth Road investment.

UK NEWS

Alfa fails in loss reductions and sales

By Kenneth Gooding, Motor Industry Correspondent

ALFA ROMEO's British subsidiary will miss its 1983 targets for volume and planned reduction in losses, according to Mr Ric Lee, the managing director.

The targets set by the Italian-owned company were 10,600 cars and a reductioo in losses by about 30 per cent from last year's £5.6m to £4m.

Mr Lee says that car sales will be about 8,000 and the loss will be around the same level as in 1982.

He maintains that the company missed its targets because of the uncertainties created by the end of production of the Alfasud, only 180 of which are left in the UK dealer network.

The obvious replacement for the Alfasud, in that it has the same engine, transmission and other mechanical components, is the joint-veoture model made with Nissan of Japan — sold either as the Alfa Romeo or the Nissan Cherry Europe, depending on which dealer network is handling the car.

However, in Britain the joint venture model is going to the Nissan-Datsun network because it could probably sell up to 12,000 a year, compared with the 4,000 that Mr Lee estimates the Alfa Romeo dealers could comfortably retail.

Mr Lee intends to set the UK sales target for 1984 below this year's 8,000.

IN-FLIGHT MENUS 'INSIPID AND UNIMAGINATIVE'

Airline caterers take a roasting

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

TASTELESS airline food, discomfort in the air, and the arrogance, indifference and sometimes bad manners of ground-handling staff of the major European short-haul international airlines are all severely criticised in the latest Egon Ronay Lucas Guide, published today.

In contrast to these misfortunes borne by the average European air passenger, however, Egon Ronay, a food and restaurant critic finds most in-flight cabin staff "excellent". The inspectors encountered "almost always" friendliness, smiles and often also charm.

That is where the good points end, however. Egon Ronay delivers a verbal thrashing to virtually every other aspect of European short-haul international air transport.

Seating in the economy class sections can be a "soul-bruising" end even physically bruising experience.

The food on European airlines, it says, with only a few exceptions, is "insipid, dull, unimaginative and often rubbishy. Frequently, it bears witness to the tin-opener, particularly the desserts. Our inspectors' rare 'praise' of a meal mostly amounted to the adjective 'inoffensive'."

Declaring that "it is amazing that most airline caterers seem to have no conception of what kind of food passengers really want", Egon Ronay adds that Lufthansa "is ignorant of the unsuitability of gnocchi; British Airways doesn't realise that tinned, squashed strawberries and water-yielding spinach are the wrong choice."

"Olympic Airlines ignores that noodles become mushy; TAP (Portugal) that bacon gets limp. Only ceaseless experimenting can bring success; for instance, Air France has achieved creditable pink lamb cutlets."

"Beyond this ignorance or thoughtlessness", says Egon Ronay, "there is a lot of sheer bad catering: insipid salmon, soapy cheddar and thick, sinister stewed coffee on Aer Lingus; greasy cold pork on TAP; finger-breaking rolls on Iberia; sloppy vegetables on Swissair; warm tomato juice and sickly pink syrup oo British Airways; a surfeit of gristle and fat in the meat on British Midland; stale, dry bread on Alitalia... I could go on."

Egon Ronay's team consumed 68 meals for the survey, "and not even those on the otherwise excellent Air France would have been acceptable, if consumed in a restaurant, for even a modest recommendation in this guide".

But, says Egon Ronay, there are other matters beyond food about which the European airlines must be warned.

"The miserably smile-less and sometimes passenger-hating check-in clerks are among the worst aspect of air travel in Europe. There are some exceptions, such as British Caledonian's friendliness at Gatwick, the matter-of-fact exactitude of Swissair.

"They contrast with the gum-chewing arrogance and inefficiency of the Iberia check-in desk in Barcelona, the Gallic shoulder-shrugging at De Gaulle Airport and the confusion of mind of some Alitalia check-in girls."

HOW THE AIRLINES RATED

(out of a possible 100 per cent)*

Air France	59
SAS	57
Austrian	51
Lufthansa	51
BA	50
Finnair	46
KLM	46
Olympic	45
BCal	40
Swissair	40
Alitalia	36
Dan-Air	36
Iberia	36
British Midland	34
Sabena	33
TAP	32
Aer Lingus	31
Air UK	31

** This covers check-in, boarding, comfort, food, efficiency, friendliness, etc.*

On the whole, comfort is deteriorating, seating arrangements are getting miserably cramped and leg-room is increasingly less.

Yet most cabin staff are excellent. "We have almost always met with friendliness, smiles, often with charm. With *Gemütlichkeit* (Austrian Airlines), warmth (Aer Lingus), grace (TAP), care for children (Sabena), real welcome (British Caledonian), kindness (SAS), and conspicuous professionalism, smartness and friendliness (British Midland).

"Compared with transatlantic and internal American flights, European airlines are scandalously expensive. The least they can do is to give much better value for money, and the public should not hesitate to complain whenever they have reason to do so."

Hoteliers 'on a spending spree'

By Arthur Sandles in Majorca

BRITAIN's hoteliers are on a spending spree, with business clientèle a major target. "Money seems to be pouring into improving hotels of all sizes," according to Mr Ronay.

The latest Ronay Lucas Guide, published today, says: "Upgrading is the cry and everyone seems to be jumping on the up-market bandwagon to luxury."

The guide says that a large number of hotels have started to cater particularly for the needs of business men and women and suggests that this trend "will change the traditional face of British hotel-keeping."

"One of the interesting aspects is a two-tiered system in accomodation; many hotels now offer two classes, like airlines, under various eulogistic names. In most cases, there is a marked difference in the standards of rooms, yet the price difference is not substantial," says the guide.

According to the guide, the trend is underlined by the fact that during the past year the occupancy rate of hotel suites was generally much higher than that of other rooms.

While talking in generally favourable terms about British hotel development, Mr Ronay does have some criticisms to make. He suggests that the coffee and tea in most hotels is "downright undrinkable."

Optimistic outlook for paper mills

By Andrew Fisher

UK PAPER MILLS are having their busiest year since 1979 and the outlook for 1984 is described as "cautiously optimistic" by the British Paper and Board Industry Federation (BPBIF) in its latest review of the industry.

Because of the number of machine and mill closures, total output of paper and board in 1983 is unlikely to be more than 3.3m tonnes, which compares with 3.2m last year and 4.2m in 1979.

With better order books, more mills have been running at increased efficiency and "the morale of the industry and its employees has been strengthened," the federation said.

But with competition remaining fierce in most sectors — imports still account for 60 per cent of UK consumption — UK mills are still having difficulty in making profits.

The first half of the year saw stronger demand for most grades of paper and board, but especially for printing and writing products. September saw "a disturbing fall-off" in that sector, but the market has since recovered.

The market for packaging papers has improved since the summer, and mills making case materials are running machines at almost full capacity. Tissues are performing more strongly, although foreign competition is intense.

The better tone in the market stems from stronger demand in the U.S., which has taken competitive pressures off other markets, and from some improvement in the UK economy. The domestic capacity closures have also left more orders for the remaining machines in the UK industry.

The federation said that exports continued to show gains and represented nearly 14 per cent of UK production. Imports had also risen slightly, with customers having to meet extra demand from abroad as UK mills used more of their capacity.

"It is now vital mill returns are improved while the modest upturn continues — something which is always difficult while surplus capacity from any country washes about European markets, prejudicing profitability in all of them," the BPBIF said.

MURRAY APPEALS FOR CASH TO SUPPORT UNION

TUC backs Telecom dispute

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE Trades Union Congress (TUC) is stepping directly into the conflict over the Government's plan to privatise British Telecom (BT) by making an unprecedented appeal to its 100 affiliated unions for funds to help to finance the Post Office Engineering Union's (POEU) campaign of industrial action against the move.

The TUC's decision, to be announced today in a letter from Mr Len Murray, TUC general secretary, to delegates at a POEU conference in Blackpool, is the first time in recent years that the TUC has taken direct action to finance an industrial dispute.

It is also a clear indication of the precarious financial position of the POEU, whose dispute enters its fifth week today. Mr Bryan Stanley, POEU general secretary, said yesterday that its dispute had cost more than £1m so far in expenditure on strikes and pay to the 2,400 members involved.

Mercury Communications has entered into an agreement with BT to supply services as a private competitor. Last week it appealed in court against its failure to win an injunction that would stop the union refusing to connect Mercury to the public network.

The result of Mercury's appeal will be announced this week. No final decision on whether to appeal to the House of Lords, should the need arise, has yet been made by the POEU. The union may steer clear of this, preferring instead to fight the still expected action for damages against the union to be brought by Mercury in the new year.

POEU leaders are confident that this week's conference will overwhelmingly endorse the direction of the union's campaign of industrial action.

If this is the outcome of the conference, BT might well go ahead with the dismissal of 49 POEU members for refusing to comply with instructors to work normally, although Mr Stanley is expected to have an urgent meeting next week with BT board members to discuss the position in the light of this week's conference.

Sir George Jefferson, BT chairman, will today speak on the privatisation of BT at the annual conference of the Confederation of Britosh Industry in Glasgow. While he is expected to criticise the BT unions for their campaign against privatisation, and in particular the POEU for its industrial action, Sir George's address is also expected to contain criticisms of the Government over its privatisation policy.

Directors foresee rise in profits

By Max Wilkinson, Economics Correspondent

A SUBSTANTIAL improvement in the profits and business activity of UK companies was suggested in a survey published yesterday by the Institute of Directors.

The survey of senior executives from 200 companies showed 65 per cent believed that their volume of business had risen in the last six months compared with 14 per cent reporting a fall.

This was the first of a new series of bi-monthly surveys of business opinion which the institute is to carry out with the market research company, Taylor Nelson.

The survey is based on telephone interviews with a sample of the institute's membership. The majority of those interviewed were chairmen or managing directors of their companies.

In the sample for the first published series of interviews in October, 38 per cent of the companies were in the manufacturing sector, 16 per cent were in distribution and 35 per cent were in finance or other services. A further 11 per cent were in the primary goods sector.

Since no previous data are available for this survey, it is difficult to interpret the first month's results. However, they appear to give a fairly encouraging picture, with 62 per cent of the respondents saying that they were more optimistic about their companies' prospects than they were six months ago.

Overall, three quarters of the sample thought that their companies were doing very well or fairly well compared with 12 per cent who thought their companies were doing "badly."

Just under a quarter reported that their action to "improve the situation" included investment in plant and machinery, but the questionnaire is not structured to show whether this investment is more or less than might be expected at this stage in the cycle.

A question about the executives' attitude to the UK economy generally showed 42 per cent to be more optimistic than they had been six months ago against 17 per cent who were less optimistic.

BA employees may be offered substantial stake in company

BY WILLIAM DAWKINS

THE GOVERNMENT is understood to be considering a plan to offer the staff of British Airways a substantial proportion of the state-owned airline's equity when it is eventually privatised.

BA's management has put together the proposal, which is among a number of options for the airline's privatisation they have submitted to Mr Nicholas Ridley, the Transport Secretary.

The airline would not discuss details of the plan, but said yesterday: "In any scheme for privatisation, we would of course give maximum opportunity for members of staff to join in."

This follows the announcement last week of a generous profit-sharing scheme under which all permanent UK staff will get bonuses on a sliding scale when the annual operating surplus exceeds £150m.

Two years ago, BA was technically bankrupt, with losses of £544m.

Last week, Lord King, the chairman, announced that net profits for the six months to September had more than doubled on the comparable period to £162m on a turnover of £1.39bn. This has provoked speculation in the City that the airline could be in strong enough financial health to be privatised within a year.

But the timing of BA's privatisation – to which the Government has already said it is committed – depends on the airline's ability to reduce its debts of around £1bn and on the Government's plans for the £4bn flotation of British Telecom next autumn.

Meanwhile, the emerging battle between BA and the independent airlines, led by British Caledonian, took a new turn yesterday. Sir Adam Thomson, chairman of BCal, hit back at Lord King's allegations that he was heading a "smash and grab raid" on BA's assets.

COMPANY NOTICES

M.T.D. (MANGULA) LIMITED
(Incorporated in Zimbabwe)

ANNOUNCEMENT OF RESULTS

Summaries of the audited operating and financial results for the year ended 30 September 1983 are as follows:—

OPERATING RESULTS (Metric Tons)

	Ore Milled 1983	Ore Milled 1982	Recoverable Copper 1983	Recoverable Copper 1982
Miriam	1,257,000	1,169,000	10,820	9,504
Norah	492,000	498,000	3,834	3,892
	1,749,000	1,667,000	14,654	13,396
Smelter production			13,756	13,287
Anodes purchased			4,357	4,315
Cathodes produced			18,498	17,571
Sales—copper			18,437	17,396
—silver (kgs)			23,803	28,872
—gold (kgs)			281	172

FINANCIAL RESULTS (Z$000s)

	1983	1982
Turnover	41,012	28,683
Working Profit/(Loss)	7,808	(3,512)
Interest (net), dividends, sundry income less other expenditure	(4,393)	(330)
Profit/(Loss) before taxation and extraordinary item	3,415	(3,842)
Taxation	—	(1)
Profit/(Loss) before extraordinary item	3,415	(3,843)
Extraordinary item	—	(4,199)
Net Profit/(Loss)	3,415	(8,042)
Appropriations:		
Transfer to/(from) capital reserve	3,415	(4,199)
Transfer to/(from) general reserve	—	(3,843)
	3,415	(8,042)
Net capital expenditure	67	403
Profit/(Loss) per stock unit (cents)	17.1	(19.2)

The profit of Z$3.4 million was due to increased metal prices, the devaluation of the Zimbabwean dollar and improved productivity at the mine.

No dividend has been declared because of the substantial loan commitments of the company.

The Annual Report for the year ended 30 September 1983 will be posted to stockholders towards the end of December 1983 and the Annual General Meeting will take place in Harare on 7 February 1984.

By Order of the Board
M.T.D. MANAGEMENT SERVICES LIMITED
Secretaries
per: A. W. BRADSHAW

London,
4 November 1983.

Transfer Offices:
Third Floor, RAL House, 57 Samora Machel Avenue, Harare.
4th Floor, 154 Market Street, Johannesburg, 2001.
6 Greencoat Place, London SW1P 1PL.

Channel link 'viable with private funding'

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

THE ANGLO-FRENCH banks' report on the financing of a fixed Channel link, now with Government officials in London and Paris, concludes that a tunnel could be financed by the private sector if the governments and the European Commission agree to some participation.

The complex report supports, a bored twin-rail tunnel as the most attractive to private investors partly because at $3.8bn (£2.5bn), on mid-1980 prices, it is the cheapest proposal that looks viable. Other proposals, such as the ambitious EuroRoute Bridge tunnel put forward by Mr Ian MacGregor, when he was chairman of British Steel, are not ruled out.

The five banks – Midland, National Westminster, Banque Indosuez, Banque National de Paris, and Credit Lyonnais – plan to publish the report simultaneously in London and Paris early next month. Although the report was not commissioned by the Departments of Transport, it is acknowledged by the two Goverments to be the crucial report on which to make their decisions.

In June 1982, a joint Anglo-French technical study commissioned by the governments favoured a similar proposal, but emphasised that the construction would be "subject to the ability of the market to raise finance on terms acceptable to both governments."

The role of the European Commission, which came into the financing study at a late stage with an offer of financial help, could be critical if both governments decide to go ahead. As well as possibly providing financial help at the feasibility stage, it could offer to participate in such a way that the risk element becomes more acceptable.

Bleak view on interest rates

BY OUR ECONOMICS CORRESPONDENT

SHORT-TERM interest rates are unlikely to fall in the near future, Barclays Bank says in its latest financial survey, published today. The bank believes the growth of the money supply, including the behaviour of Mo (mainly notes and coins), gives no ground for any optimism about future rates.

It says: "Our view is that short-term interest rates have, as near as makes no difference, reached the bottom, barring a further fall in international rates."

UK NEWS

Pressure for tougher union law

BY JOHN LLOYD

MR TOM KING, the Employment Secretary, will come under increasing pressure from business groups in the next few weeks to harden the Government's approach to trade unions and employment law.

The hard-line Institute of Directors (IoD), which will lead the campaign, is concerned that the Government's developing relationship with the Trades Union Congress (TUC) could blunt the cutting edge of continued union reform. The IoD is looking for a common front with the Confederation of British Industry (CBI) and other employment groups – although they are likely to remain rather more cautious.

Three areas are seen as crucial: First, tightening up the law on "political strikes." If the appeal court's judgment oo the Mercury v Post Office Engineering Union (POEU) case – expected mid-week – confirms the High Court judgment that the POEU action in refusing to interconnect Mercury with the British Telecom network is lawful, the Institute will press for an extra clause to be added to the trade union Bill narrowing the definition of lawful industrial action, contained in the 1980 Employment Act.

The CBI, many of whose members are also concerned about the judgment, is presently inclined to wait for the outcome of the full court case which Mercury will bring if its appeal is unsuccessful. However, the Institute says that business and Conservative backbench opinion will be such that an extra clause, or a short separate Bill, will have to be brought forward.

The Government is doubtful about such a move. The present law decrees that lawful industrial action must be "wholly or mainly related to such issues as fears of job loss." The Government doubts whether this could be narrowed further without making almost all strike activity potentially illegal.

The second crucial area is consultation on strikes in essential services. Mr King said last week that he would hold consultations on this within the next month or so.

The IoD wants the consultation to cover making all strikes unlawful unless procedure agreements are followed. It will lobby Mr King to include a reference to this in his speech at the Institute's annual dinner, at the end of this month.

The third important issue is the European employment law. The Government will publish on Wednesday its consultative document on the Vredeling and Fifth Directives, which propose a statutory duty on employers to inform and consult their workforces and to put workers' representatives on company boards. The European Commission is expected to pass legislation on this soon, thus forcing all EEC members to adopt similar measures into national law or to veto the proposals.

Spending 'again set to overshoot target'

BY ROBIN PAULEY

PUBLIC expenditure has overshot budget forecasts by an average £1.7bn a year during the last five years and looks set to overshoot again this year and next, according to an analysis published today.

In spite of all the current pressure for public spending cuts including the use of the Cabinets "Star Chamber," which has been looking into expenditure controls, another overshoot next year can probably be prevented only by use of the contingency reserve and higher asset sales, according to brokers Laing and Cruickshank, who add that public expenditure control is a myth.

"The experience of the last five years suggests that this planning total (£126.4bn for 1984-85) will be missed by more than the final cuts now being sought. The semblance of better control over the past two full fiscal years 1981-82 and 1982-83 has reflected no more than very large contingency reserves and wholly undesirable undershoots in the capital programmes," the brokers say in their November Economic and Monetary Review.

They highlight three problems facing public spending targets next year. The first is that 31 per cent of public spending goes on pay, and the 3 per cent public sector pay assumption for 1984-85 may be difficult to achieve. Each single percentage point overrun on pay costs the Exchequer about £400m.

Second, a further 28 per cent of spending goes on social security benefits where the Government has only limited room for manoeuvre on rates of benefit because of political commitments and has no direct control over demand. The direct cost of each 100,000 additional unemployed next year will be about £200m.

Third, defence takes about 14 per cent of public spending and cannot be cut further without prejudicing the 3 per cent Nato commitment. Defence prices are rising faster than the general rate of inflation, so the 3 per cent commitment may not be met next year anyway on the existing target figures.

The Government control falls therefore on only around a third of public expenditure. The less controlled 65 per cent is planned to rise only 3.5 per cent next year, which Laing and Cruickshank, describe as "a triumph of hope over experience."

In addition, the economic forecasts underlying the expenditure planning exercise are "too optimistic," and the Government is likely to be presenting absurdly low forecasts for the 35 per cent of spending over which it has reasonable control.

Ignoring the contingency reserve, the spending overshoot was £2.5bn in 1981-82 and 1982-83, and could overshoot by a similar figure this year followed by a £4bn excess next year. This would be met from contingencies and more asset sales.

The first in a series of public announcements.

The truth about Privatising British Telecom.

The privatising of British Telecom has stirred up political controversy. Leaving the political issue aside, there is now an urgent need to clarify the points below in the interests of truth and the customer.

Q. Will rural services be reduced? A. No. Our policy of service and improvement in rural areas is being, and will continue to be, vigorously pursued. In any case the new Telecommunications Licence to be granted by Parliament will guarantee them.	**Q. Will residential phone charges shoot up?** A. No. We shall continue our existing successful policy of price restraint. In addition, the Licence will provide a specific assurance for customers in this respect relating increases in charges to the retail price index.
Q. Will emergency services be cut back? A. No. We are strongly committed to them. Their continuance – however unprofitable – is guaranteed by the Licence.	**Q. Will telephone kiosks be phased out?** A. No. Their provision is safeguarded even in unprofitable areas, except against strictly defined criteria in the Licence.

This is the first time in British history that the provision of many telecommunications services will be required by law – a far stronger safeguard than has previously existed.

British Telecom is already one of the most technologically advanced telecommunications systems in the world. It has every intention of going on getting better and adapting to compete in the world market-place.

We shall always have the interests of you, our customer, at the forefront of our thinking.

British TELECOM **Keeping the customer informed.**

Crown Agents fight for survival

Sir Geoffrey Howe (right) begins top-level talks today on the future of one of Britain's oldest colonial relics that many in Mrs Thatcher's Government want to see abolished. David Dodwell reports.

AMONG BRITAIN'S many colonial relics, the Crown Agents is the one which has most frequently courted extermination, but it is the one which has shown the fiercest determination to survive.

As colonies won independence by the dozen through the 1950s and 1960s, so a time fuse was lit on the Crown Agents' traditional work of procuring goods and services for overseas countries. Then surreptitious involvement in property speculation and secondary banking up to the property market crash in 1974 forced a government rescue that cost the taxpayer £175m.

But after weathering these crises, re-establishing credibility and a reputation for integrity in the developing world and finding new roles, its fate once again hangs precariously in the balance.

The loss of a lucrative contract to manage a £3.9bn investment portfolio for the Sultan of Brunei has devastated its balance sheet and made a nonsense of recovery targets set by the Government in March last year. It has had to turn to the Government once again to be bailed out of a financial crisis.

Since the contract was lost in July, the top men at the Crown Agents have been in constant session with Mr Timothy Raison, Minister for Overseas Development, preparing the case for their survival. After submissions made to Sir Geoffrey Howe, Foreign Secretary, this week, the Government will within the next few weeks decide whether or not the Crown Agents is worth saving from extinction.

Sir Geoffrey will today meet Mr Peter Graham, chairman and senior Crown Agent, and Mr Alan Frood, the chief executive, to discuss whether the Crown Agents should be streamlined or run down.

He will then make his recommendation to Mrs Margaret Thatcher, the Prime Minister, who is expected to come to a quick decision.

There is a cruel irony that 1983 should be the Crown Agents' 150th anniversary. Even more ironical that it boasted during anniversary celebrations earlier this year "that any organisation surviving that long has either to have been extraordinarily resilient, adaptable, or to have some reason for its existence which continues through each changing decade."

If it is to survive, then Sir Geoffrey has to be persuaded not simply that it is resilient or adaptable – or simply that it has some continuing reason for existence. Above all, he has to be persuaded that the Crown Agents do things that private industry cannot, that they do things efficiently, and that they can make a profit – however modest.

For many in Mrs Thatcher's Government, the sooner an anomalous body like the Crown Agents is abolished the better. Almost everything it does can be done in the private sector, they say – and what cannot be done is probably not worth doing.

Mr Peter Graham, newly appointed senior Crown Agent, would be more confident about the chances of survival if he were confident people in the UK knew what the Crown Agents actually do. More often than not, they are thought to be salesmen of a certain brand of wallpaper, or managers of the Royal estates.

They started life in the early 1800s as procuring agents for Britain's colonies and were kept busy buying everything from paper clips to railway engines for subject governments

Procurement still accounts for a large part of the Crown Agents' work. But as colony after colony has woo independence, so new roles have had to be sought. These range from financial services and quality assurance, to providing technical advice, or stamps and currency. They administer a large share of the Government's bilateral aid programme.

It was the search for new roles that tempted the Crown Agents – almost disastrously – into property speculation and secondary banking activity in the late 1960s. After the market collapsed at the end of 1973, the Agents were found to have lost £212m, and cost the taxpayer a rescue package amounting to £175m. Their reputation had been seriously damaged.

Mr Graham, who was recruited in June to steer the Agents through the 1980s, fears that lingering memories of those affairs still colour views about the organisation, and could jeopardise his efforts to persuade the Government not to abolish it.

"Anyone who wants to abolish us because in 1974 we got our nose rubbed in the dirt should have spoken up then, not now," he says. "The fact is that since then, the Crown Agents has been completely reconstructed, and has rebuilt the confidence of its customers."

Perhaps oddly, the Agents' reputatioo never suffered abroad to the wake of the property and secondary banking scandals of the early 1970s. Still now, more than 200 developing countries, or institutions inside those countries use the Crown Agents for most of their procurement.

They continue to see the Agents as an "honest broker" in an important but distant market where they have insufficient resources to check the integrity of private sector suppliers themselves.

Their high standing is reflected in Nigeria where the Government is establishing its own procurement agency, and insisting the agency be called the Crown Ageots Nigeria. It is also reflected in the heavy volume of training done in the UK by the Crown Agents. So far this year, 211 have attended courses from 48 countries.

Strong support also comes from the World Bank and similar multilateral aid agencies. The World Bank has used the Crown Agents for procurement since the 1960s, and at present has 13 contracts out to them.

Reconstruction since the 1970 has been substantial, and continues. After two commissions of inquiry, an Act of Incorporation in 1979 effectively prevented any recurrence of the transgressions of the early 1970s.

From staffing levels of about 2,200 in 1979, more than 200 people a year have been trimmed, so that today only 1,200 remain. The target workforce is between 800 and 900. Overhead costs have been cut by 50 per cent. Operations have been redefined on a regional basis, and the number of professionally trained personnel has been increased.

Links with the commercial world have been strengthened by the appointment of executives such as Peter Graham, who remains chief executive at the Standard Chartered Bank, and of board members such as Mr Terrel Wyatt, chairman of Costain, Mr Ken Johnson from Dunlop, and Mr David Probert from Cannings.

The beneficial effects of this reorganisation might have been marked if there had not also been a decline in business linked with recession in the developing world, and with cuts in both bilateral and multilateral aid.

Nevertheless, the Crown Agents had been managing to meet targets laid down for it by the Government in March last year. These involved earning a ½ per cent surplus on gross income between 1982 and 1984, and increasing gross income per capita by 2½ per cent a year. There was even confidence that the target of a 6 per cent surplus on gross income to 1985 could be reached.

But at the end of the day, none of these improvements in themselves may satisfy the privatisers in Westminster who feel procurement could easily be taken over by trading companies, financial services done by institutions in the City of London and aid administration pushed back into the Overseas Development Administration.

Sir Geoffrey might have been content to let sleeping dogs lie if a crisis had not been triggered by the loss of the Brunei contract. One senior Whitehall official noted bluntly: "The old recovery targets are dead, and there is a very serious question about the Agents' viability."

The cruellest cut for the Agents is that the loss of the contract has nothing to do with their professional skills in managing this tiny, oil rich south east Asian state's investment funds. The break is almost certainly due to political factors linked with Brunei's imminent independence from Britain.

Financial services have emerged in recent years as one of the Agents' most successful areas of operation. Over the past four years alone, funds managed have swollen from £2bn to £4.85bn. Financial services last year accounted for almost one third of its £31.7m earnings. They had become an important profit centre, and a cushion for the Agents' traditional services, which invariably made losses.

The loss of the Brunei contract, therefore, took the carpet from under the 150-strong financial services division, and pushed the Agents so far into the red that if they are to remain solvent, a fresh Government rescue is needed. Faced with such a critical decision, the Government is rightly asking afresh whether the Agents ought to survive or not.

There is evidence that the Agents do have a distinctive role. This was amply demonstrated last year when they scooped the £30m contract to build a new port in Kenya. In this, it is co-ordinating the tendering efforts of 13 different UK companies. Such multi-faceted contracts are often difficult for individual companies to tender for.

A large part of its procurement for governments, and government-supported bodies such as central banks, railways and port authorities, would probably not come the way of British companies if the Crown Agents were abolished. Most of these bodies prefer to deal with state-controlled bodies.

Of the £144m worth of goods ordered by the Crown Agents last year, £39m worth was ordered from 2,400 companies not listed by the Financial Times as quoted companies, nor owned by quoted companies.

Such small companies would be unlikely to tender for overseas contracts without the Crown Agents. The impact of losses would not, of course, be substantial in terms of Britain's overall trade, but many small businesses would in many cases lose the only export orders they get.

The Crown Agents is also under pressure to show it can earn profits in the long term. On this, Mr Frood is uncompromising: "If the Government's objective is to have an organisation that makes money, then it is misconceived. We welcome the targets that have been set for us – they give us something to go for. But that is not the same as saying that we should be profitable with a capital P.

One new profit generator just beginning to be talked of is price and quality certificatioo which few governments would entrust to a private sector company. The agents at present talking to three governments about providing such services and, according to Mr Graham, "even two clients would make a sizeable contribution to profits."

TECHNOLOGY

EDITED BY ALAN CANE

AMORPHOUS SILICON SUITS MASS PRODUCTION OF ENERGY SYSTEMS

Solar cell makers look to new materials

BY MARK NEWHAM

Almost all the cells used in photovoltaic solar energy modules in small, medium and large-scale power generation are made of single crystal and polycrystalline silicon. A few systems use cadmium sulphide and gallium arsenide materials. But enthusiasm for the single crystal and polycrystalline cell types is noticeably waning with more and more companies and research teams looking to thin film and amorphous silicon materials as the photovoltaic materials of the future.

At the EEC backed photovoltiac conference in Athens, papers given on thin films and amorphous material cells attracted the biggest audience of the week. The highlight of this session was expected to be the paper of Professor Yoshihiro Hamakawa of Osaka University who is in a unique position to evaluate progress of Japanese photovoltaics, especially with amorphous silicon cells on which the Japanese have devoted the greatest proportion of their time and, research effort.

Unfortunately, little previously unpublished information was forthcoming except for the revelation that Hamakawa's research team has developed a 12.5 per cent efficient cell using amorphous silicon in thin film on e polycrystalline substrate. Critics argued that this was not a truly amorphous silicon breakthrough since it was, in fact, a tandem cell using two different cell materials. Few truly amorphous silicon cells have produced sunlight-to-electricity conversion efficiencies greater than 7-8 per cent so far.

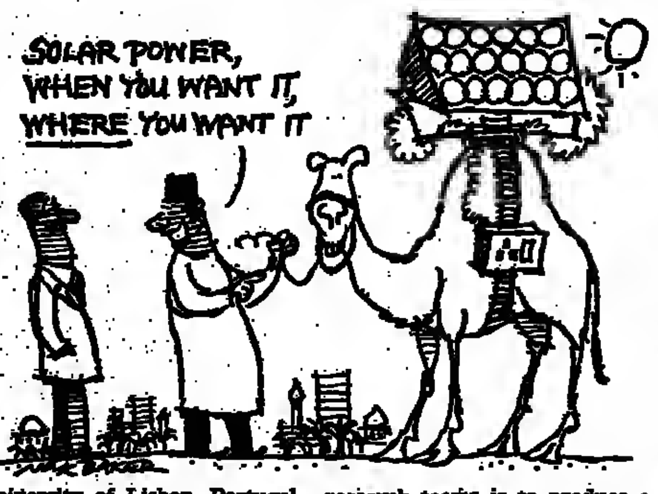
Hamakawa said his cells could be manufactured at low cost in the future, and, that very soon his team would crack the 15 per cent conversion efficiency barrier with an improved version of the cell.

Another Japanese development was described involving cadmium sulphide and cadmium telluride cells. An entirely screen printed cell was outlined by a team working at the Wireless Research Laboratory of Matsushita Electric Industrial Company in Osaka.

The process of screen printing electrodes onto cells has defeated numerous research teams in the past and this process was widely acclaimed as a significant move to overcome many of the problems associated with producing efficient, reliable and durable low cost cells in the future.

The Japanese in general have made substantial progress with amorphous materials over the past few years but there was some evidence at the conference that organisation outside Japan are now catching up. The U.S. company Energy Conversion Devices, for example, had its automated production flexible thin film amorphous silicon cell on display for the first time at an EEC conference.

A research team from the



University of Lisbon, Portugal, revealed that it was close to signing an agreement with the Brazilian company Heliodinamica to commercialise its amorphous silicon cell process which, the Portuguese claim, can produce cells of up to 400cm². Amorphous material cells are now being widely accepted as the cells of the future and few U.S. or European organisations in the photovoltiacs field are not devoting a growing proportion of their research effort to these materials.

The ultimate goal for most research teams is to produce a cell and module manufacturing process which can produce power at low cost. Today's average price for photoveltaic electricity is in the region of $8 to $10 per watt of electricity at peak sunlight conditions although some companies like Arco Solar are making modules at $5 to $7 a watt.

Using amorphous materials not only reduces the amount of material needed for each cell, but also allows manufacturers to develop automated manufacturing processes which again slices significantly into the costly production-by-hand technique still used in the production of single crystal and polycrystalline cells.

Cadmium sulphide-copper sulphide, according to Dr Toby Cumberbatch of the Thorn-EMI research centre at Hayes, is the one material which has already proved itself as an effective thin film cell material and his team has developed the outline for a process which could Cumberbatch claims, make cells at a fraction of the cost of existing production processes.

The process involves the use of sunlight itself to generate power for the electrophoretic deposition of the cell material onto a substrate, to dry tha strips of cell produced, to recrystallise the material once dried on the substrate and finally to produce heterojunctions in the material to enable it to generate electricity efficiently. In developing countries such as India where low cost labour is available, the cells could be produced at just over $30 per sq metre compared with existing production techniques costing hundreds of dollars per sq metre.

So far, the process is only at outline stage and could well stagnate at that stage unless Cumberbatch attracts sufficient research funds to be able to prove the theory in practise. Thorn-EMI has shown itself to be unwilling to spend the £100,000 or so Cumberbatch says is needed to finish the research over the next two to three years.

One conference delegate suggested that he team up with a group of pupils at the South Hunsley School at Melton on South Humberside who have been working on their own cadmium sulphida cell production technique in the school laboratories. The nine students involved in the project have received some support from Shell but, in the main, have had to fund their work solely with the £30 contributed by each of the pupils' families.

Led by the school's deputy headmaster, Dr Robert Buckley, the pupils came to the conference having raised £200 each towards the £350 needed for each pupil to attend. They were probably the only conference delegates to have paid for the trip out of their own pockets—a factor that made a mockery of the Commission's final conference comments on the urgent need for greater education of technologists, businesses, research organisations and the public alike in the field of photovoltaics.

DISPLAY SYSTEMS

IBM studies new and old technology

BY ELAINE WILLIAMS

WHEN IBM first moved to Hursley Park, Spitfire canopies left by Vickers Supermarine were used by researchers as cloches for growing vegetables. That was 25 years ago. Set in the grounds of a former stately home, Hursley Park near Winchester, is now tha largest European IBM research centre with work currently focussed on display products and storage systems.

From an original staff of only 40, Hursley now boast more than 1,400 employees. Hursley developed the company's first colour terminal and a graphics system for use in the aerospace automobile and other high technology industries.

IBM has been working on displays which may one day replace the conventional cathode ray displays. Today, however, CRT still remain the cheapest, best performance display system with only its bulky size as the main disadvantage. Alternatives such as liquid crystal, electrochromic and gas plasma are alse improving.

At Hursley Park, a gas plasma display has been developed as a low cost system for use with personal computers. Researchers have produced a small plasma display which is then magnified. Plasma panels are based on a neon gas discharged that is excited by e dc or ac voltage. IBM has opted for an ac system.

Its panel comprises two glass plates spaced about 0.003 ins apart with conducting lines deposited at right angles on the inside surfaces. These are covered with successive layers of a dielectric medium and magnesium oxide to provide the correct operating characteristics.

The gap between the two plates is filled with a neon-argon mixture at about half atmosphere pressure. The presence of argon reduces the operating voltage but reduced the brightness of the display.

At present displays are monochromatic. Attempts have been made to produce different colour but this produces problems with resolution and brightness.

IBM says that its state of the art is exemplified by tha recently announced IBM 3290 information panel. This has 768 lines of 960 picture elements.

Another development which has not reached commercial fruition yet is an electrochromic display technology. This is also a monochromatic system and combines a light modulating electrochromic effect with an active matrix of field effect transistors integrated onto a silicon chip.

This results in a miniature image which is magnified in an optical production system. IBM has demonstrated such a system attached to an IBM personal computer. It has 96,000 addressable points and it is only about one inch across.

In this system a thin coating of viologen is deposited onto the matrix of transistors. The viologen changes colour when an electric field is supplied. This produces a purple spot at the point at which there is a transistor. The screen has a long persistence time so does not need any refresh capability as do most other types of display.

This offers exciting prospects as a low-cost, small display system for use with small computer systems. It has a very good resolution, being able to produce graphics as well as high-resolution text. Even with the need for a magnifying system, it may be competitive with CRT technology.

IBM also demonstrated that CRT technology is still capable of further improvement and it also demonstrated a very high-resolution display system on a monochrome raster scan CRT monitor. This had 3.5m picture elements which can be addressed on the screen.

HEAT PUMPS

Heading for home

BY MARK MEREDITH

TOM McALPINE says he has cracked two of the problems which prevent the commercial advance of heat pumps into the home central heating market.

Heat pumps suck warm air from outside a building on to a heat exchanger made up of pipes carrying the chemical freon which is also used for refrigerators. The heat causes the freon to expand. A compressor then puts the chemical under pressure generating intense heat which is then used to heat the water for the hot-water and radiator systems.

Tom McAlpine, who runs Chieftain Industries at Livingston, near Edinburgh, is like other heat pump enthusiasts in claiming the system offers substantial savings on other forms of heating.

But moving from larger industrial markets into central heating fer hemes has produced two ebstacles.

The electricity boards have cracked down on the voltage drops encountered when the compressors are turned on and the type ef electricity supplied te British homes is not suited for the compressors used in heat pumps.

Chieftain Industries has bypassed the two problems by using a wave generator to control the speed of the compressor and make the power supply match the existing compressors on the market.

The wave generator turns single phase power supply—the type provided to most homes in the UK—into three phase supply.

Three-phase supply of the kind supplied to larger buildings allows the use of small compressors in the 2.5 to 12 horsepower range which are not produced in single phase.

The wave generator attached to the incoming power supply also soothes the worries of the electricity board.

Until now the load on a power line of a heat pump compressor starting up could be as much as six times its normal demand for two seconds leading to a dimming of the lights.

But the wave generator controls the speed of the compressor and allows a gradual start up instead of a sudden power demand for full speed. The system "ramps up" the power and puts, Mr McAlpine says, not much more load on the line than the average light bulb being switched on.

Data

'Smart' cards take on

A MILLION and a half multi-purpose "smart" cards will come into use in France in 1984, states Intelmatique, the international marketing arm of the French telecoms administration.

The plastic cards, about the size and shape of a credit card, have one or more semi-conductor chips embedded in them and are programmable, with data storage.

They will be used in four different applications: in public telephone boxes; to pay for products ordered electronically by videotex; for pay TV; and as a payment mechanism for delegates attending conferences and special events at permanent exhibition sites.

Some Post Office savings customers will also use the card for transferring funds for example, or paying bills.

The present tests of smart cards, in Blois, Caen and Lyon, are being conducted with the Minitel, a low-cost stand-alone terminal also used in the French electronic telephone directory and Teletel videotex services. It is being equipped with a smart card reader. The PTT ordered 600,000 Minitels in 1982 and another order for 500,000 is expected by December 1984.

Computers

Old Vic goes modern

THE NEWLY restored Old Vic now has a computer on which will run a theatre management, marketing and ticketing system based on IBM equipment and designed by Wilkins Computer Systems of London.

The idea of the system, which is called Mistral, is to make the purchase of tickets as simple and convenient as possible.

One facility allows management to build up preference profiles of theatre clients, be they patrons, subscribers or just off-the-street ticket buyers.

The on-line ticket reservation facility covers seat selection, order entry, order processing and reporting. But in addition the system maintains mailing lists, allows word processing, and provides for accounting and fund raising development. More on 01-403 1102.

The achievements of an 'amateur engineer'

Andrew Arends meets Rotork's innovative chairman

INNOVATION has long been a byword of Jeremy Fry's career.

One of a rare breed of British businessman—the inventor/entrepreneur—he first really appeared on the commercial scene 27 years ago when he bought a tiny engineering company, Rotork, and went on to develop a revolutionary valve for use in pipelines.

Just four years ago, he won the Duke of Edinburgh's annual Designer's Prize for the "Sea Truck," a vessel inspired by water skis, which moves freight or passengers across shallow waters. And now with the help of industrial designer, James Dyson, he has produced the Cyclon, a very different vacuum cleaner (see right). Encased in bright pink "hi-tech" plastic, it is currently on display at the Design Centre and in the Boilerhouse gallery of the Victoria and Albert museum.

In the intervening years Fry's innovative drive has powered the remarkable development of Rotork into a successful valve control equipment and machine tool group.

Next May, at the age of 60, he plans to "retire." He leaves a solid management team which has been expanding the group's activities, mainly by acquisition (picking up Pneu-Hydraulics, a specialised cable and hose manufacturer in July), and a worldwide sales network. But without him the company will probably be more cautious in its activities.

Ironically—in view of his great success—Fry regrets that he didn't leave Rotork earlier to pursue his passion for invention and design. His responsibilities as chairman of a public company conflicted with his risk-taking nature, though if the current enthusiasm for entrepreneurs and small businesses had gripped Britain a few years ago he would perhaps have taken the plunge.

Indeed his "retirement" is not a retirement at all—Fry will merely be returning to his roots as an "amateur engineer."

It was his entrepreneurial qualities that enabled him in the mid 1950s, when Sir Clive Sinclair was still at secondary school, to start developing Rotork from a small backyard operation into the multi-million pound engineering group which it is today.

Although not a trained engineer Fry did spend three years studying to be an architect. In the years immediately following the war, he and his brother began designing and building competitive hill climbing cars. By the early 1950s motor racing of any kind was becoming a very expensive operation and although one of his cars won the British Hill Climbing Championship, he left the motor industry to "look for a product to make."

In 1956 the opportunity came his way to purchase Rotork, which manufactured rudimentary valve actuators—the motorised devices, sparingly used at the time, which turn pipeline valves on and off.

With the help of some friends he scraped together the £20,000 needed and moved Rotork to his home in Bath, the historic Witcombe Abbey, where with five employees and a shoestring budget, he set up operations, literally in his backyard.

In 1955 around 99.9 per cent of all pipeline valves were still turned on and off manually, sometimes, given the huge diameter of the pipes, requiring a small army to shut them off. Fry saw the enormous potential for electrically controlled mechanically powered actuators that could be operated remotely from the valve, particularly on transcontinental pipelines, within chemical and petroleum refineries, and in water and sewage works.

The first Fry-designed Rotork valve actuator was a one-horse power machine, weighing 170 kilogrammes, which won a large order from Esso for use in its European refinery complexes.

Fry had picked a product which became essential in pipelines. Valve and pipe manufacturers preferred to attach Rotork actuators to their valves rather than make them themselves and Rotork duly prospered on the back of the boom in the petroleum industry.

In the late 1950s when Rotork's turnover was still under £250,000 the company issued manufacturing licences to produce Rotork's actuators to a number of large European engineering groups. Fry claims that this move helped to establish Rotork's international reputation for quality.

Valve actuators are hardly ever used, but when a pipeline has to be switched off there is no room for them to fail. And in the extreme conditions the actuators were being subjected to—the 100 per cent humidity of the Arabian Gulf or the continuous sub-zero temperatures of Siberia—reliability was a real problem. The international standard at the time specified that actuators had to be open in order to "breathe."

Fry and Rotork decided that the only way to protect the electrical apparatus out of doors was to seal it completely. Fry also saw that if the auxiliary electrical controls were placed in the casing, along with the motor that turned the valve, this would cut down significantly on the amount of expensive wiring required for the device. Thus the radical new Rotork "Double Sealed Actuator" was born, propelling Rotork into the big time and revolutionising the actuator business.

After five years of losses, the company made a profit in 1961. Turnover hit £1m in 1962 and the group went public in 1968 amid great demand for the shares. In the past financial year Rotork made pre-tax profits of £4.1m on a turnover of £25.46m, though the group is suffering from slow long-term growth in the demand for actuators.

Rotork has always managed to keep factory overheads to a minimum and staff to around 300 by sub-contracting the actual manufacture of all the actuator parts, although the assembly of the product takes place at the Rotork plant in Bath. (The company outgrew Witcombe Abbey in the late 1950s and Fry, the architect, had a hand in the design of the new factory.)

Rotork currently exports around 85 per cent of its actuators and the American assembly plant set up in 1967 has a 20 per cent share of the U.S. market. The latest generation of actuators—and the last Fry will help design—is due next year and is jam packed with "technological gadgetry."

By the 1970s Rotork had seen off its British competition. A subsidiary of the American group Limitork closed its UK manufacturing plant, and Rotork bought up a division of GEC which made actuators. In the U.S. Rotork faces competition from the slightly larger Limitork and a number of smaller, mainly pneumatic actuator companies.

Fry leaves behind him a group with interests ranging from actuators to engineering services and commercial cutting equipment in the U.S.

Fry's inventive flair is illustrated by his development in the mid-1960s of a radical new shallow draft sea craft. Rotork Marine, a subsidiary set up to develop and produce the "Sea Truck" commercially, received a number of large orders for the craft—most notably one for 55 to be sent to Bangladesh in 1971 in the aftermath of the civil war. Operating on a shoestring, Rotork Marine's consistent profits record was only broken in 1982, before the company was purchased from Rotork by its own management.

After Fry leaves Rotork he hopes to develop a potentially significant new design for a wheelchair which would cut both the cost and weight of wheelchairs enormously, and a sea traversing craft.

Retirement will thus mean nothing of the kind for Fry. As well as his inventions he's been the driving force behind the refurbishing of the Theatre Royal in Bath. And he is currently waging what he thinks will be an unsuccesful battle to convince the local council of the need for a Science Park to attract high technology industry to Bath.

Ashley Ashwood

Jeremy Fry with two of his products: a novel pink vacuum cleaner and a hill-climbing car

How body language can build management teams

Arnold Kransdorff reports on 'action profiling'

EVER NOTICED the way the personnel manager holds his head in his hands or the managing director's tendency to clench his fist? According to Pamela Ramsden, interpreting this behaviour correctly could improve your company's performance.

For if Desmond Morris has popularised the concept of body language, she and her colleagues have refined it into what they claim is a highly effective tool for improving the decision-making abilities of management.

Body movement, so the theory goes, is often more revealing than verbal communication and can be used to identify different management styles, in particular the numerous ways a decision is made. Over the past 30 years detailed studies have been made of more than 10,000 managers in action.

Today Ramsden's North London-based business, Decision Development, is using the technique—which she calls action profiling—to help clients work more effectively at top level. Companies which use the service include Scotcros, the Glasgow-based animal feeds to wine shipping conglomerate, the Scottish Tourist Board, Saatchi and Saatchi, Garland-Compton, Hoover and publishing groups such as Essex County Newspapers and the Lincolnshire Standard.

Another fan of Ramsden's little-known technique of action profiling is the family-owned confectionery group, Trebor, which has been using it for at least 30 years. Trebor seldom recruits from outside but its chairman and chief executive, Ian Marks, who is a Cambridge economics graduate, uses it mainly to "balance continuously" his management teams.

Marks is so impressed with the technique that he has himself trained as an action profiler.

He reckons that whereas an ordinary employer normally could expect to make a wrong choice with up to 40 per cent of managerial recruits, his error rate is nearer 10 per cent.

David Brown, managing director, D. J. B. Engineering, is equally enthusiastic: "We've had about 12 top managers profiled. Now I wouldn't hire any middle or senior manager without one. Action profiles have increased the harmony and accord between managers; in particular it has enabled us to distribute better the manager's workload so individuals can do the tasks allotted to them more easily."

Anthony Robinson, managing director of the Lincolnshire Standard Group, says he has lived to regret the evidence of action profiling. "Unfortunately it is an expensive technique to employ below top level; I wish it was more cost effective so that it could be applied more extensively."

Ramsden and her colleagues draw up a profile from interview sessions lasting up to three hours by observing thousands of "movement clusters" that make up any ordinary confrontation between individuals.

"Integrated movements, specifically the merging of postures and gestures, can be a very clear expression of personality," says Ramsden. "It is very difficult to fake them, unlike psychological interviews, which revolve around mainly verbal responses."

Research has identified up to 12 different elements in a manager's decision-making process, among them the ability to interact successfully among colleagues, adaptability and the ability to handle more than one decision at a time.

Few managers can claim to have strengths in anything like a majority of the elements required to make a good decision, says Ramsden.

She explains: "At its simplest decision-making is a three-stage process. At first individuals focus their attention on a situation, then develop their intentions towards it and finally arrive at a commitment.

"Next they build a case for a certain strategy and weigh up the pros and cons. Finally, timing is decided upon and goals set."

Ideally every manager should place equal emphasis on each stage of the decision-making process.

"Unfortunately each of us brings his own mental make-up to bear on a situation. Unconsciously we give more weight to one part of the process than another. Nor do we necessarily follow it through in sequence and we often have blind spots."

"Clearly, a good management team needs a mixed bag of profiles." It is this argument that has appealed to Ramsden's clients.

In one company she found signs of unhealthy tension among the top management team, which led to "a paralysing effect" in the way individuals related to each other. Through the action profile she was able to gain the support of each manager for major changes.

Ramsden has also advised a UK group in the process of acquiring three European companies on how best to integrate the top managers and avoid the usual conflicts.

An Australian psychology graduate, Ramsden first did post-graduate training in the analysis of non-verbal behaviour at the Laban Centre for Movement Analysis outside London in the late 1960s.

Rudolf Laban, after whom the centre is named, was a refugee from Nazi Germany who developed the original theories about movement while working on work-study projects in Britain during and after the war. A choreographer and instructor, he developed the basic principles behind the action profile, a technique refined by one of his students, Warren Lamb, who subsequently set up his own consultancy.

Ramsden joined Lamb in 1971 and further developed the technique; she trained about 11 people in the art of action profiling. Most have recently set up their own businesses.

THE ARTS

Architecture

Colin Amery

Testament of a modern architect

SIR LESLIE MARTIN has been practising and teaching architecture for the last 50 years. His name is not exactly a household world although it is certainly mentioned with great affection and respect in the homes of architects, particularly if they worked for the Greater London Council or were trained at Cambridge. If you visit the Royal Festival Hall and enjoy the way the spacious foyers flow around the euspended auditorium you are in Martin country.

Sir Leslie has just published a book of his thoughts and creations (*Buildings and Ideas 1933-1983 from the studio of Leslie Martin and his associates*—to be publised on November 10 by Cambridga University Press, £45) which is a major contribution to recent architectural history.

The history of the recent past, particularly in architecture, has often taken tha form of a defence of the Modern Movement by its chief practitioners—a restatement of the convictions of tha Thirties. This book attempts to do something else. It aims to show that despite the propaganda, the vagaries of fashion, the rise and fall of technologies, there are some constants.

Sir Leslie writes that what is central to his book, and indeed to his life, is how an architect tries in his lifetime: "To create out of all the disparate and conditioning elements some *sense of harmony and formal* order." There is nothing new ebont this although from time to time it is worth restating lt.

The book is a testament of a modern architect and, like all canonical statements, it begins with a statement of beliefs. This is fascinating because it is a statement written with hindsight. From Marcel Breuer, Berlage and Le Corbusier sets of ideas have emerged which are then revalued. This leads slowly to a kind of creative development. I was struck in this book by the difference in this between architecture and the other arts.

Unlike a painter or a sculptor an architect has to deal with the world and all its complexities before anything can be built. This is why the debate and all the discussion about meaning and form seems so slow and at times so obvious to the outsider. I found the facts of this account of an architectural life more interesting than the post hoc rationalisations and theorising.

Sir Leslie's particular gifts have been to identify the characteristics of a certain building type and then to explore and develop these characteristics so that structural, formal and organisational development can take place. Ha has proved beyond any shadow of doubt (although Georgian London also demonstrates it very clearly), that housing et a high density does not need tall buildings or tower blocks.

His studio produced a great deal of university accommodation and from the early days at Harvey Court at Cambridge he has defined the idea of the court and structural grid that produces pleasing residential spaces. The account of the development of the generic form of the university library, particularly as successfully developed at Oxford in Manor Road, is a revealing and convicing one. The excellent placing of drawings in this book and the use of the axonometric illuminate the development of ideas.

This is the testament of a man who has lived at the centre of the battle for modern architecture in England—why was he not more victorious ?

The most recent of the studio's completed buildings is the Gallery of ontemporary Art at the Gulbenkian Foundation in Lisbon. This is set in a landscaped park and is e linear gallery stepping down on one side of the main route to the lake. Unlike much of the theoretical work of the practice, this is a particular building for a particular site, and as such it looks attractive and successful. It is probably the most interesting of the later buildings, perhaps because it has liberated itself from the rather doctrinaire approach that seems to have governed much of the earlier work.

Two important schemes for London were prepared but never executed. The Whitehall plans go back to 1964, when Sir Leslie suggested taking all the traffic out of Parliament Square and demolishing almost everything between the Square and Downing Street, including the Foreign Office. This was, of course, just a set of proposals for discussion, but in its radical way it suggested that the imposition of a set of uniform courts for government offices and the removal of traffic would create a collegiata atmosphere at the heart of the nation. The other London scheme was the first (1962) proposal for the British Library.

In this scheme, prepared with Colin Wilson, the library was to be built in a formal ranga of buildings opposita tha museum with Hawksmoor's St George's Church at the centre of an axial square. This kind of sita clearance and wholesale rebuilding of the city is out of fashion and it was not proceeded with. In many ways it was a far better scheme than the one now being built in a remote corner of King's Cross.

What worried everyone about both these proposals was the quality of the architecture that would be built on these skilful plans. There is no doubt that it would have been rational, abstract and cool to look at — but in spite of tha theory and the research very few of Sir Leslie Martin's buildings warm tha heart. Why is this? They are, and this book offers ampla evidence for future generations, the products of a scrupulous intellect and e coherent approach to difficult problems. The Festival Hall, the Lisbon Gallery, Kettles Yard all offer a quiet and skilled response to both site and use. Their coolness and abstration are, I suspect, simply that they are tha products of their time — they will remain some of the best products we are likely to see.

I admire this book and its creator for his care and integrity at all times. I am left wondering why such talent has bad so little effect on the world at larga. His years at the GLC certainly raised the standard of *public architecture*. There is something bermetic about tha book and you sense a struggle has taken place to enliven the forms that has not been entirely successful. All the evidence of a life at the centre of the development of modern architecture in England is here—it can only be judged by posterity.

The Duenna/Young Vic

Michael Coveney

Sheridan's comic opera, *The Duenna*, was first produced in 1775, the sama year which saw the première of *The Rivals*. It contains at least two wonderful comic scenes, although you would not know that from Frank Dunlop's ingratiating, strenuous and insensitive revival. This is the Young Vic on its worst sort of *mnddled, irreverent form*. The music, composed by Lance Mulcahy, is a bland pot-pourri of middiabrow, dated pop confections with some excruciating settings for those few items where Mr Mulcahy, also credited with the adaptation, sticks to the libretto Sheridan actually wrote.

The theatre is bedecked with colourful garlands and orange festive lights, Mr Dunlop suggesting that Sheridan's Seville is a tourist trap dnring the Feria. In the original, tha Portuguese Jew Isaac Mendoza, seeking the dowry of the beautiful Louisa, is tricked into a match with Louisa's duenna, or cheperone, wbile Louisa covertly pursues her beloved Antonio.

Here we bave a cruda Australian interloper in e fleshy checked jacket going by the name of Ted McIsaac, given to ruda Antipodean expletives and, in Desmond McNamara's painfully *unfunny* performance, bendy-legged capering. The duenna's shrill crack'd pipe of a voice sounds, to him, like "a kanga's bum," instead of Sheridan's "child's trumpet"; at which Trevor Peacock's flustered father pronounces him "a Kiwi fruit."

This sort of hapless improvisation is neither funny in itself nor remotely justifiable, even in tha name of dusting down a classic. Isaac's pligbt in Seville is a real one, bis mercenary assault on "Louisa" a tactic of revenge on a hostile society. But Sheridan's text ripples with grace and charm. At least, in the second half, enough is left of some of the songs to reveal how well they work as an inherent part of the action. While Louisa and Antonio come together, the parallel romance of Ferdinand and Cora is worked through another loop of disguise, Cora dressing up as a nun.

As the girls, splendidly sung by Amanda Redman (full and throaty) and Lucy Skeaping (thin but delicately operatic), manipulate the plots, Peter Woodward and Douglas Hodge as their lovers flounce around like unemployed toreadors. You can just about discern through all this the rightness of Byron's judgment that, as e composition, *The Duenna* is vastly superior to *The Beggar's Opera*, which preceded it by 50 years. But the *show* needs a graceful, witty hand to make lt live, not the strident pell-meli Young Viccery to which lt is bere subjected.

Sheila Steafel and Desmond McNamara

The duenna berself, played by skilful zany Sbeila Steafel, complete with false buck teeth flashing behind black Spanish lace, comes across as an *Andalusian* Cbarley's Aunt. *In* Sheridan, "Venus de Medicis was a sybil to ber." In Dunlop/Mulcahy, "Venus de Milo was a toilet."

Sheridan's revelling friars are reduced to the person of their leader Father Paul (a reasonable economy), but be is clumsily played by Martin *Stone. Tim Woodward cuts a* dash, Amanda Redman remains sumptuously dignified despite ell the odds and Trevor Peacock just stomps around as the irascible father. It is reprehensible enough to take cheap liberties with Sheridan; he needs no apology. But to replace his style with this exhibition of *galumphing incompetence* is both insulting and unforgivable.

Dial M for Murder/Vaudeville

Martin Hoyle

"Maida Vale in the early 1950s" runs the ominous programme direction, as it were "Florence in the Renaissancé;" and there are signs that Allan Davis's production has bad a balf-bearted *stab — oops —* et making Frederick Knott's ultra-Machiavellian Little Venetian lntrigue into e genuine period piece.

Not that be or his designer, Stuart Stanley, has landed anywbere in particular in that extraordinarily transitional decade flanked by meat rationing and Macmillan, austerity and Adam Faith. It takes more than capacious trousers and padded iackets or mentions of Edmundo Ros to evoke an era (although Haley Mills's black cocketail number (considered very much à la princesse at the time) betrays the careful eye of Ginette Spanier, whose biography as supervisor for Miss Mills requires as much programme space as designer and lighting man together.

The only period feel is in the play ltself and the stilted style it imposes on its lucklessly loquacious cast. Mr Knott has thought up an ingeniously convoluted plot of planned murder backfiring, *changing* direction and finally hoisting its euthor with bis own petard. It needs so much exposition, bowever, that it leaves little room for characterisation.

Within four mintes of meeting after a year's separation, two clandestine ex-lovers are intensely recapitulating with ane another — theatrically a deadlier sin than adultery. Their's is tha sort of conversation wbere questions like: "Are you ever going to tell Tony about us?" are answered at some length; and wben she rbetorically wonders: "What were we doing exactly a year ago?" he, alas, remembers. In detail.

Vincent Marzello's bespectacled American lover is in the clean-cut tradition of earnest young beroes: Brad from *Rocky Horror* comes irresistibly to mind through the hint of bumour underlining his performance. Hayley Mills looks initially sleek and suitably baggard when emerging from the condemned cell. I suspect ber character's maddening passion for irrelevant questions ("Why did yon pbone me, Tony?") throughout the ordeal of resisting murder, killing the assailant and suffering the death sentence is a sexist Fifties ploy to show that belpless little *ninnies* never understand what trouble they're in.

Popular interest focuses on Peter Adamson as the almost Priestley-like Inspector, a deus *ex machina* armed with infallible intuition. Fans of Len Fairclough know his preseoce and authority. His stage performances have included a successful Flowering Cherry. Here he seems stiffly cautious, despite signs that be could give vent to the bumour, intentional or otherwise, prompted by rain-

Simon Ward and Hayley Mills

coated inspectors effecting miracle remedies.

The final creakingly-written scene, with framed wife, rescuing lover, inspector with a bunch, policemen lurking in ambush and, we are assured, the "Home Secretary standing by," suddenly recalls the Fifties' most durable cultural product. It was the age of the Goons.

Topokana Martyrs' Day/Bush

Martin Hoyle

Jonathan Falla's gripping first play observes a familiar theme — well-meaning Western helplessness before the almost contemptuous brutality of the hardships and inequities of an emergent Third World state — *from a fresh viewpoint*: that of the clobby, intramural professional famine-aiders.

The camaraderie of an international holiday club permeates Carol Leader's reminiscences as ber Irish nutritionist remembers singing "We'll meet again" when redundant in Biafra and cheering up on hearing that things looked bad in Bangladesh. "Sick of pity," she is addicted to famine. Watching a family of rats scaverging, she wistfully compares them with "the women of Stalingrad foraging for food" in tha reverent tones reserved for a classic textbook case.

The most articulate member of the cast, she rails against the tribal tensions and warrior-dominated culture that mock her attempts to feed and nourish. Her attitude to Africa is that of a disenchanted lover, compounding "lust and disgust."

Not above a touch of the poetics, she leaves one uncertain as to whether she or the author is prompted by the bitter irony of such fastidious com*plaints as "this famine's lost its* tone."

In a perfect cast, David Threlfall, impassioned, ineffectual, and threshing around in an incomprehensible culture to do good before adopting the defensive rhinoceros-hide of callousness (animal names figure prominently and cruelly), is unmitigated joy.

A physical actor in the best sense, his idiosyncrasies emerging from character rather than being applied externally like Cyrano's nose, his tripping, lilting delivery, often culminating in the unfulfilled grace-note of an absent "yes- er . . ." recalls the sophisticated simplicity of an old Dartingtonian, say, or the less worldly type of Oxbridge don.

Nose-wrinkling rabbity laugh, irrelevant poetry-reading, the terrified attempt to quell a hysterical mob of African women with a WI-intoned "ladies"—all add up to a marvellously-rounded portrayal.

The play sags two-thirds of the way through, becoming a *series of observations*, and the girl's sexual awakening seems a trifle protracted; but the violent climax is totally convincing thanks to Simon Stokes' production and Gordon Case'e bright African, sufficiently educated to despise his country's traditions, shrewd enough to note the white embarrassment when he applies to join the relief agency's administration as an equal.

Impassive, watchful and occasionally contemptuous, his final threatening appearance in a military coup rings true. His cowed and swearing collapse before the signalling radio that he lacks the technical knowledge to answer, while the white girl sobs humiliated on the floor, is a potent closing image, less of cultural cross-currents than tragic cross-purposes.

Sweet Charity/Crucible

B. A. Young

Sweet Charity began as a Bob Fosse production and is rich with dance. Some of the songs are presented as necessary parts of dance rontines and there are pretty little moments when e few bars in the band are accompanied by a few moments' movement. So Michael Elwyn has sensibly cast a dancer, Suzanne Danielle, to lead his production, and be does what he can with a small company to keep the show dancing all the time.

In one way the open stage of Sheffield's Crucible Theatre suits the play, where almost all the scenes are in a dance hall or in the street; and in another way it doesn't, for without wings or flies the director cannot keep the fluid forward thrust going without intrusiva pauses — nothing serious, but a nuisance.

The story of the love-hungry taxi-driver Charity Valentine's near-marriage with ber Oscar, picked up in a stalled lift, is uncomplicated. There are no sub-plots, so Miss Danielle is on stage almost without pause from the moment when one uninterested lover pushes ber into the river to the moment when Oscar, having reneged on his undertaking at the last minute, does much the same thing. She is no great singer, but she moves prettily and puts as much meaning into Neil Simon's book and Dorothy Fields's lyrics as they need.

Oscar (Jonathan Barlow) does not appear until near the end of the first act, when the recalcitrant lift brings him and Charity up through the trep and six feet more above the stage. Wisely, since we never see anything at all pleasant in anything be does, Mr Barlow does not try to make Oscar romantic. The byper-romantic Vittorio, on the other hand, is dealt a full band by Graham Rees.

Sister Mary Ignatius/Ambassadors

Michael Coveney

Sister Mary Ignatius Explains It All For You is the second, more substantial, play in a double bill by the young American playwright Christopher Durang—"Should the evening be dubbed 'Durang Durang'?" was a popular interval quip—that launches the support, experimental wing of Ray Cooney's Shaftesbury Theatre-based Theatre of Comedy operation.

The bill bas enjoyed a long-running success off-Broadway and, insofar as the Ambassadors is an ideally-sized venue for a programme of bright, sparky new plays, one must applaud Mr Cooney's intentions if not, in this instance, his judgement. *Sister Mary* is a coarse-grained squib in wbich Maria Aitken as a willowy nun regrets the dawn of the Ecumenical era; announces that Sodom is nowadays known as London, Amsterdam or Brighton(a lot of people in the audience seemed to know abont Brighton); and that the list of those certain to burn in bellfire bas been updated to ioclude Christine Keeler, Koo Stark and Tim Rice.

Miss Aitken chops up her decisive comic delivery with a rather unlikely amount of camp knowingness, rendering the nun implausible. Dangling e seven-year-old boy pupil on ber lap, sbe puts him through a Catechism quiz before being interrupted by four graduates of the class of '59. They enact a Christmas pageant and then turn on her to reveal themselves an representative assortment of walking wounded: Gary is gay, Aloyslus a wife-beating alcoholic, Dlane a rape victim, Philomena a blank and befuddled believer.

This spiritedly vengeful anti-Catholic Joycean humour is a familiar rash on the skin of the modern theatre. I remember a mucb funnler one-man piece from Australia, *The Christian Brothers*. One problem is that such stuff is only really funny for lapsed Catholics (who form the only club I have ever joined). The other is that we've heard it all, even *said* it all, before.

Still, Mr Durang does display a sort of jejune brio in bis concoction, bringing into the manger a pantomime camel who produces a baby doll to be nailed to a little cross, and dissolving his sligbt scenario with a surprise sboot-out.

The first balf of Richard Digby Day's production is a piece of intolerable drivel, *The Actor's Nightmare*, in which Christopher Timothy *enters from the stalls* onto a stage of thick fog and is immediately implicated in an unholy, jangling mish-mash of Coward, Beckett, Shakespeare, Robert Bolt

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Music

November 4–10

LONDON

Placido Domingo with the Royal College of Music Symphony Orchestra and Chorus conducted by Robin Stapleton. Gala concert in aid of the Royal Opera House Development Appeal, attended by the Prince and Princess of Wales. Royal Festival Hall (Mon). (9283191)

Haydn Trio of Vienna: Haydn, Brahms and Dvorak. Queen Elizabeth Hall (Mon). (9283191)

Philharmonia Orchestra conducted by Vernon Handley with Jill Gomez, soprano and Nigel Kennedy, violin. Shostakovich, Britten and Elgar. Royal Festival Hall (Tue)

City of London Sinfonia conducted by Richard Hickox. Bach, Mozart, Strauss and Barry Guy first performance. Queen Elizabeth Hall (Tue)

London Symphony Orchestra with Pinchas Zukerman, director and violin, and Andre Watts, piano: Mendelssohn and Brahms. Royal Festival Hall (Wed)

Chamber Orchestra of Europe conducted by Claudio Abbado with Rudolf Serkin, piano. Rossini, Beethoven and Schubert. Queen Elizabeth Hall (Wed)

PARIS

Jacques Taddei, organ, Maitrise de la Sainte Chapelle, Francis Bardot: Liszt, Mozart, Händel (Mon 8.30pm)

Orchestre Colonne conducted by Pierre Dervaux, Jean-Jacques Kantorow, violin: Stravinsky, Berlioz, Mendelssohn (Mon 8.30pm). Both concerts at TMP – Châtelet (2334444)

Orchestre de Chambre de Toulouse, conducted by Georges Armand: Rameau, Bartok, Komives, Tchaikovsky (Mon). Radio France, Grand Auditorium (5241515)

Adriana Maliponte recital, Geoffrey Parsons, piano (Mon) Théâtre de l'Athénée (7426727)

Philippe Entremont recital: Bach, Beethoven, Debussy, Chopin (Mon) Théâtre des Champs Elysées (7234777)

NEW YORK

New York Philharmonic (Avery Fisher Hall): Klaus Tennstedt conducting, Bruno Leonardo Gelber, piano. Brückner, Mozart (Wed, Thur). Lincoln Center (8742424)

English Chamber Orchestra (Carnegie Hall): Sir Charles Mackerras conducting, Gidon Kremer, violin. Vaughan Williams, Beethoven, Holloway, Haydn (Thur) (2477459)

WASHINGTON

National Symphony (Concert Hall): Mstislav Rostropovich conducting, Salvatore Accardo violin. Bach, Beethoven, Tchaikovsky (Tue, Wed mat, Thur). Kennedy Center (2543776)

Terrace Concerts: Ruggiero Ricci violin recital with Kyoko Hashimoto piano. Bartok, Saint-Saëns, Ernst (Tue); Byron Janis piano recital. R. Schumann, Ravel, Chopin (Thur). Kennedy Center (2549895)

CHICAGO

Chicago Symphony (Orchestra Hall): Michael Tilson Thomas conducting. Stravinsky, Tchaikovsky (Thur). (4358111)

WEST GERMANY

Frankfurt, Alte Oper: The Frankfurt opera orchestra conducted by Michael Gielen with Beethoven's Missa Solemnis. Soloists are Faye Robinson, Dunje Vejzović, Eberhard Büchner and Manfred Schenk (Mon). Swedish Radio Symphony Orchestra under Rafael Frübeck de Burgos with violinist Igor Oistrach offers Beethoven, Bartok and Manoel de Falla (Tue)

Berlin, Philharmonie: Berlin's Philharmonic Orchestra, conducted by Eugen Jochum and pianist Mauricio Pollini with Schubert and Max Reger (Tue)

BRUSSELS

Isaac Stern, violin, with Andrew Wolf, piano. Beaux Arts, Brussels (Tue)

ZURICH

Tonhalle: Chamber music soirée with members of the Tonhalle Orchestra. Pleyel, Saint-Saëns, Dvorak (Mon); Tonhalle Orchestra conducted by Yoav Talmi with Victor Tretjakov, violin. Rossini, Mendelssohn and Shostakovitch (Wed); Collegium Musicum Zurich conducted by Paul Sacher with Maria Pires, piano. Mozart (Thur)

Hoffmann's Tales/Coliseum

David Murray

Although Offenbach's exact intentions for his Hoffmann are now undiscoverable – it counts as a posthumous work, and even the score used for the premiere was greatly hacked about – the English National Opera version by Colin Graham and Edmund Tracey aimed at returning as far as possible to what he probably meant. The current revival goes two steps nearer, restoring an effective little trio to the *Olympia* act and an aria for Nicklaus – well deserved, for in that ungenerous role Sally Burgess is the liveliest, most polished performer on stage.

Off stage, as the voice of Olympia, Marilyn Hill Smith does her soprano acrobatics very professionally (she appears at the end as Hoffmann's latest lost love, Stella, too), and Edward Byles does the multiple grotesques with some verve. Hoffmann's various ladies are now impersonated by different singers, although Lois McDonnall mimes the Olympia doll as well as singing a slightly over-ripe Giulietta. Poor failing Antonia goes to Patricie O'Neill: a plucky performance, liable to fray under pressure (and thus not as affecting as she might be), but in ber best passages distinctly promising.

The haunted trio was not among her best passages, nor anybody's. Even if Gillian Knight's *Mother had* been less plummy and Geoffrey Chard's Doctor Miracle less wobbly, Michael Schonwandt's conducting of it confirmed the suspicion that had been growing already: that although he seems an efficient chap, he has no evident *gift for this* score. The potent undertow of the trio went for very little, since it moved at a stiff march-tempo. Chard does all the villains; theatrically they are nicely differeotiated, but the evil Doctor and Dapertutto lack weight and menace. Pantomime threatens.

As the poet Hoffmann, John Treleaven signs lustily and tirelessly, looks lymphatic and distraught, is no happier with the spoken dialogue (in flat translation) than anybody else. One has to repress any memory of what his music sounds like in the mouth of e good French tenor. There is e useful support from Stuart Kale, Richard Angas and John Kitchiner as Spalanzani, Crespel and Schlemil. Colin Graham'e production is busy and colourful but devoid of magic: the splitting of Olympia between doll and remote voice spoils the joke, there are no frissons in the bewitching of Antonia, and in Venice there are supernumeraries pawing each other as in a sleazy night club.

Voluntaries/Covent Garden

Clement Crisp

In the last of ber series of performances with the Royal Ballet, Natalia Makarova appeared last week in Glen Tetley's *Voluntaries*.

She has danced it in London before – there was an evening some years ago when her spell over the work was so intense that the audience was hushed at curtain call before the cheers broke out – but never in my experience with such *contemplative austerity*.

It is the function of great artists to permeate a staging and establish an emotional etmosphere to which the whole cast respoods.

So, last night, Makarova's dignity, *the formal purity and nobility* of her style, gave an elegaic force to choreography which can sometimes seem no more than an essay in arbitrary swoops and swooning.

She took Tetley's choreography and refined its physical extravagances, *cleaving a fine-drawn path* through its sinuosities and re-establishing that sense of inconsolable grief which the work had with its inibal Stuttgart showings in the aftermath of John Cranko's death.

Her partner was Jay Jolley, who joined the Covent Garden troupe this season from Festival Ballet.

An assured and responsive partner, be brought a commendable dignity to his role, and if he lacked a little of the necessary speed to extract full effect from Tetley's curlicues, he has the clear, strong line needed to set against the writing for the ballerina.

But it was Makarova'e performance, and characteristically it found ber able to transcend the more blatant physical aspects of the dance – its Brummagem emotionalism – and refine them through the aristocracy of her bodily "voice".

The example of her art, its communicative power, its unfailing distinction of tone and form – its Kirov *schooling, in sum – ehould* be required and continued study for the Royal Ballet's dancers.

Haitink to take over at Covent Garden

MR BERNHARD HAITINK is to succeed Sir Colin Davis as music director of the Royal Opera House, Covent Garden. Sir Colin's appointment ends in July 1986, but because of Mr Haitink's commitments to Glyndebourne Festival Opera and the Concertgebouw, Amsterdam, he will not be available full-time st Covent Garden until September 1988.

In the intervening two years, Mr Haitink will conduct for 12 weeks in *each of the seasons* and be available for consultations and auditions.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Monday November 7 1983

Trade tussle in Comecon

THERE IS increasingly more friction than fruitinn in the Council for Mutual Economic Assistance, the body that is supposed to promote trade between the Soviet Union, its six East European allies and its further-flung friends, Cuba, Vietnam and Mongolia. This was again evident at the recent East Berlin meeting of Comecon prime ministers, where, oddly for a Soviet bloc gathering, tittle attempt was made to hide the bickering.

A forward step was taken in raising, for the first time in several years, prices of agricultural goods traded within Comecon, a move chiefly of interest to Hungary, Bulgaria and Romania which sell to the food-short Soviet Union. But East European gretitude is tempered by steeper oil prices from the Soviet Union which now seems to be pricing oil to its partners on an average of world prices over the past three years, instead of the formally agreed five year formula.

The premiers were more razor-tongued on issues of quantity and quality. Mr Nikolai Tikhonov, the Soviet Prime Minister, gave the east Europeans a warning that if they wanted Soviet energy and raw materials—for which Moscow bas an alternative market in the West—they must supply higher quality goods to the Soviet Union. No less loyel an ally of Moscow then the Bulgarian Prime Minister replied that the Soviet Union must quantify "precisely" its primary supplies to Eastern Europe as speedily as possible.

Track record

Now there is no reason to suppose that Comecon as an Institution, with e skyscraper headquarters on Moscow's Kalinin Prospekt, a secretary general, numerous committee sessions, and an annual ministerial conclave, Inhibits the course of trade integration.

A netural complementarity exists in at least the European region of Comecon, between the big resource-based Soviet economy and the smeller more Industrialised ones of Eastern Europe. But Comecon itself does not seem actually to promote trade integration. Its best track record is in industrial cooperation and specialisation, giving Czechoslovakia a lead role in nuclear power, Hungary in buses and rolling stock, Bulgaria in electronics, and so on.

But the process is troublesome, inevitably when such specialisation is as much the result of political bargaining as competitive advantage. It is also incomplete since no East European country is in a position to supply more than a fraction of the huge Soviet market. Neither is today's rate of technological change adapted to the cumbersome business of five year planning, multiplied in complexity by as many members as Comecon bas.

Achievement

The bilateral trading nature of the Soviet bloc does not change its spots simply because it has a multilateral organisation grafted on to it. Comecon cannot match the most valuable achievement of the EEC, removal of trade barriers, because that is not in its gift. Individual national governments in the East negotiate bilateral deliveries. These must roughly balance, since without a properly convertible currency a surplus with one partner cannot be switched to buy goods from another. The famous "transferable rouble" is a unit of account, no more. As a result, the U.S. dollar, of all things, has become an increasingly convenient means of intra-Comecon settlement.

A Comecon summit of party leaders, at the Andropov level, might thrasb out a new order. Recurrent rumours have suggested that a summit is imminent. It is certainly needed. The last time Soviet bloc party leaders met on Comecon business was in 1971, when they buoyantly proclaimed "planning and financial integration" by 1980.

The West has no reason to frustrate the cause of Comecon integration. Indeed integration tbat injected soma dynamism into Comecon would create better eastern markets for western goods. But, equally, tha West does not want to see the economic elbow room of East Europeen countries from Moscow reduced, or to see them pushed beck into a system that suits them ill. This is what happened in the Comecon debt scare of 1981-82.

The East Europeans, back in hard currency trade surplus, are now in a position to start buying again from the West. The West should not deter them by needless restrictions on tecbnology or credit. It sbould also put out the welcome mat for Comecon countries which want to join the General Agreement on Tariffs and Trade (GATT) (four are members already) or the International Monetary Fund, which Hungary and Romania are already in and Poland is in the waiting room.

Opportunities in Ireland

THE IRISH call it "normalisation"—a word more familier in the early 1970s when Herr Willy Brandt was trying to improve relations between West Germany end Eastern Europe and between Bonn and East Berlin. It is a pity if anyone should think that relations between London and Dublin have sunk to that level of estrangement. Nevertheless, relations in the recent past have not been as good as they should hava been. The visit of Dr Garret FitzGerald, the Irish Prime Minister, to London today for talks with Mrs Thatcber is en ideal opportunity to improve them.

Auguries

Some of the auguries are rather favourable. There is now in Ireland, after a period of three general elections within two years, a coalition government which should remain in office until 1987. Britain, too, no longer has a general election on the horizon. And Mrs Thatcher's relations with Dr FitzGerald are likely to be rather smoother than those with his predecessor, Mr Cbarles Haughey. There is no hunger strike in the Maze Prison to sour the atmosphere, and the curious ettitude that Mr Haughey took to the Falklands war is a thing of the past, better forgotten.

Less tangible, but still evident, is a change in British opinion about the Irish question. It is no longer felt to be an impertinence that Dublin should wish to have some say in e possible solution. On the contrary, it has become almost part of the conventional wisdom that the Irish Republic should be closely consulted, and rigbtly so. The Irish do, after all, co-operate on security. The threet of the IRA and its offshoots is ultimately aimed more at them than it is at the British mainland. Not least, Britain and Ireland are fellow members of the European Community.

Irish opinion has been changing as well. The most significant development is the establishment of the New Ireland Forum to discuss how peace and stability might he restored to the island. As Dr FitzGerald put it at his party conference last week: "The Forum is a serious attempt—arguably the first serious attempt—by the elected representatives of the nationalist population of Ireland who are committed to the solution of this problem without violence to work out for themselves the real meaning and significance of Irish nationalism, and the first real attempt to search out means by which its aspirations and ideals can be reconciled with those of unionism."

The Forum includes the opposition Fianna Fail and the Northern Irish Social and Democratic Labour Party as well as the governing coalition. Unionists have been invited to participate, though so far have dona so only in an individual capacity. But tha fact that the nationalist parties are discussing e reconciliation with unionism at all is itself an advance. A possible—certainly a logical—conclusion is that they will drop, or at least shelve, tha idea of a unitary state.

As it happens, the Forum is not due to produce its main findings until early in the New Year. That is all to the good. It means that Mrs Thatcher and Dr FitzGerald can have exploratory discussions this week, prior to much more crucial talks in a few months' time.

Challenge

There are, however, two possible qualifications to this relatively optimistic outlook. One is that the Irish will make themselves look ridiculous if the Forum does not come up with a framework which, however negotiable, would provide the basis for working with the British and the unionists towards a more peaceful island. As Dr FitzGerald has said: "None of those engaged in the Forum would be forgiven by the Irish people if they failed to measure up to this challenge."

The second qualification depends on the British. It is incumbent on them to realise tha extent of the present opportunities. No British government has ever taken the Irish question long enough, seriously enough and visibly enough to reach a solution. Mrs Thatcher's administration has the chance.

Foreign Affairs: Ian Davidson

Dual-key: no solution to the real issues

THE BRITISH Government got away very ligbtly in last week's debate on cruise missiles, effortlessly defeating demands for dual-key control over these American weapons. The pity is that the Opposition was clamouring (predictably) for a wrong solution to the wrong problem.

The demand for dual-key control is not new: it surfaces regularly every time Ronald Reagan says or does something alarming. On this occasion, it was a direct reaction to the alarm and anger felt at the American invasion of Grenada: if the U.S. cannot be trusted not to embark on unjustified military adventures in the Caribbean, egainst the express advice of the Britisb Government, can it be trusted not to over-ride British views when there is a question of firing nuclear weapons? Yet if this is the problem, duel-key is not the solution.

"Dual-key" is, in any case, a misleading expression which implies a more special security than it can really bear, and is in any case not to ba understood literally. There was a time when, with some jointly-operated nuclear weapons, something similar to two keys had to be turned before the weapons could function; today a comparable separation of powers can more usually be brought about by two distinct electronic computer codes, or by physically entrusting the warhead to one government, the launcher to another.

But it is not obvious that any of these mechanical devices are intrinsically superior, in maintaining ultimate veto power over the use of these weapons, to the current arrangement of joint U.S.-UK decision by which the British prime minister must give assent before the U.S. can fire. If a U.S. president were determined to over-ride Downing Street, ba might well be able to do so, at the cost of shooting between British and U.S. servicemen at the bases. But the very idea implies that he would be in the grip of madness. There are reasons to question Ronald Reagan's judgment and his view of the world, but he is not mad.

If we exclude the possibility of a Dr Strangelove scenario, there wonld only be a question of launching cruise missiles in circumstances of imminent disaster. War would have broken ont in central Europe; British American and German forces would have heen attacked, and would be in danger of being over-run; Nato might well have already attempted to evert defeat by using tactical nuclear weapons. In short, Europe would be in the early stages of World War III.

In tha chaos and horror, channels of command and control would probably be very difficult, intelligence and assessment extremely unreliable, and communication between political leaders, and between them and their military commanders, seriously impaired. One could not asume that joint decision-making would be a calm process, taking as long as anyone needed to assess every aspect of the situation. But to pretend that, in such circumstances, the difference between joint decision and dual-key would represent the difference between safety and catastrophe is simply unreal.

The cruise missiles to be installed in Britain represent a tiny fraction of the Western nuclear arsenal, and the vast majority of these Western warheads are controlled directly by the U.S. If the Russians had decided to attack Western Europe, the neutralisation of the cruise missiles at Greenham Common would not turn Britain into a sanctuary against Soviet nuclear attack, because the conntry contains a vast array of other installations which are essential to Nato's defence. To focus excessive attention on mechanisms for pulling or not pulling the cruise missila trigger is to lose sight of vastly more important questions: how to restructure Nato's forces, so as to enhance tha credibility of deterrence; bow to manage internal alliance diplomacy, so as to enhance popular confidence in that deterrence; how to manage East-West relations, so as to rednce dependence on military deterrence.

Ever since the U.S. lost its nuclear monopoly, and with increasing desperation since the Soviet Union achieved nuclear parity, American strategists have been wrestling with the problem of what to do if deterrence hreaks down. As nuclear warheads proliferated and missiles became more accurate, they spun finer and finer subtleties of targeting so as to provide an apparently infinite ladder of escalation between the conventional forces in Europe and the Armageddon of an all-out strategic exchange.

The weakness of these gossamer theorisings was the underlying assumption that it would be possible to halt the escalation before it reached the top. But two years ago, in a seminal Adelphi Paper, Desmond Ball, a defence analyst, argued persuasively that nuclear war is almost certainly uncontrollable, because of tha intrinsic vulnerability of all the command, control and communication systems (C3) which would be needed to control it.

His line of reasoning is strongly backed up by a brilliant new book, The Command and Control of Nuclear Forces, by Peul Bracken, recently published in the U.S. and shortly to appear in tha UK. Quite apart from the C3 problem, Bracken argues that Nato'e European force structure has in effect been designed to be uncontrollable, because of the way that nuclear weaponry is intermingled with conventional weaponry.

At one level, he suggests, this may appear to serve Nato's purposes. If the Alliance possesses, not a controllable instrument of escalation, but a "regional doomsday machine," the deterrent effect against potential Soviet aggression may he reinforced — in theory. In reality, a machine of such hair-trigger instability must be unacceptable as an instrument of deterrence.

For if a nuclear *war* cannot be controlled, then it is quite likely that a nuclear *alert* cannot be controlled, since it would be tantamount to a declaration of war, inviting pre-emptive attack by the other side. Bracken suggests that we may be re-enacting the lead-up to World War I, which was insanely and inexorably propelled by the ratchet of reciprocal mobilisation. "In broadest terms, the danger facing the world is that the superpowers have institutionalised a major nuclear showdown. They hava built the most complex technological apparatus ever conceived, without thinking through its purpose or how to control it."

If this is the scale of the problem, it is hardly surprising he has no magic answers. But he argues that stability is less likely to be enhanced by negotiated cuts in the sizes of nuclear arsenals, than by agreements or even unilateral declarations on the operational management of nuclear forces; for example, an agreement to withhold Pershing II missiles from Europe *if* the Russians withdraw submarines to this side of the Atlantic. "The value to the U.S. of increasing the minimum warning time from five to 25 minutes is almost beyond calculation," he says.

The question-mark over the controllability of nuclear war has driven a parallel debate over whether Nato can (or should) adopt a policy of No First Use of nuclear weapons. Traditionally it used to be argued that Nato would have to use tactical nuclear weapons to offset Soviet conventional superiority. This rationale collapses, however, if nuclear weapons cannot really be used in a sane and controllable way, so more people are looking at the conventional balance and methods of improving it.

A new Brookings study argues that the conventional balance is not as unfavourable as it has sometimes been depicted, and that this imbalance could for practical purposes be removed without having to increase defence budgets by more than Nato'a current target of 3 per cent in real terms a year. In other words, Nato should be capable of mustering a purely conventional deterrence against a conventional Soviet attack.

The corollary of this is that, if Nato wishes to be in a position where it can decide not to initiate the use of nuclear weapons in defence, then it must disentangla these weapons from the conventional force structure. Short-range battlefield arms should be withdrawn from forward areas and placed in hardened sites, to protect them against the escalatory dangers of attack. More important still, the command of these nuclear forces should be quite distinct from the command of conventional forces.

The current strategic debate is not, of course, simply an exercise in intellectual curiosity. It has been driven by the sharp deterioration in U.S.-Soviet relations, and by the intensification of their geo-political competition far beyond the bounds of the Nato area. At present, it seems highly implausible to suppose that the Soviet Union would launch a military attack from cold on Western Europe. What is more disturbing is the possibility that U.S.-Soviet conflicts in the Third World, even through surrogates, could trigger unintended and uncontrollable chains of events.

The fundamental premise of the Atlantic Alliance is that the Soviet threat to Western Europe is the major threat to world peace. No douht in a formal sense this premise still holds. But under the Reagan Administration, Washington has increasingly focused its active attention outside the Nato area, and its priority seems to be the demonstration of a capability to use military force outside that area.

If this were to prove a long-term pattern, it could have a number of consequences, most of which would be damaging for international crisis management. It could lead to a growing European alienation from American objectives and policies, since Europeans do not perceive the demons which are apparently so visible in Washington. Conflict over policy could undermine political support in the U.S. for American defence commitments in Europe. And the more the U.S. tries to stretch its resources to intervene worldwide, militarily and alone, the more it may be tempted to draw on forces stationed in or earmarked for Europe. Yet the achievement of a virtually non-nuclear defence of Europe would require increased conventional resources.

The dilemma for the European members of Nato is that they have insidiously allowed themselves to become too dependent on the Americans: too dependent on their nuclear weapons, too dependent on their conventional forces, too dependent on their leadership. This is not to suggest that Europe could become wholly independent of the Americans, or should wish to; there are powerful and permanent bonds which will continue to hold the Alliance together, after a fashion. But Europeans cannot contemplate without anxiety the long-term prospect of being dragged willy-nilly by the careering wheels of the Reagan chariot.

Now the Europeans cannot reduce their dependence on the U.S. unless they significantly increase their dependence on each other. And they cannot increase their influence on U.S. policy unless they can act and talk more as one.

The French Government seems to be taking a quantum jump in the direction of European solidarity in the defence field. Not only has it inaugurated regular military discussions with the Germans, but in a major departure from Gaullist doctrine, it is establishing a five-division mobile force whose avowed purpose is to fight alongside the Nato allies in Germany. This latter move has implications which could prove significant on the nuclear front; for if French troops were to be expected to fight at the front line in Germany, instead of just to defend the French frontier, then the deterrent effect of the French nuclear missiles might also be extended that much further forward.

In sheer numbers, of course, the French nuclear force is quite small compared with the super-powers. But if American theories of controlled escalation are dangerous nonsense, quite a small number of warheads may be enough for effective nuclear deterrence, *provided* that the conventional forces can offer effective conventional deterrence.

The lesson of the Grenada invasion is not that we need a dual key on cruise missiles, but that we need to think harder about operational ways of ensuring we never get close to the point where that question matters.

Can Nuclear War Be Controlled? Desmond Ball, Adelphi Paper 169, International Institute for Strategic Studies.

The Command and Control of Nuclear Forces, Paul Bracken, Yale University Press £14.95.

Alliance Security: Nato and the No-First-Use Question, John D. Steinbruner and Leon V. Sigal, Eds, Brookings Institution.

Men & Matters

Gone away

Although Mobil Oil pulled out of Libya a year ago in a flurry of hostility, accusing the Libyans at the time of "manipulating oil prices, taxes, and royalties over a period of years" the company lingers on as far as the Libyans are concerned.

Mobil Oil Libya has been recruiting through London-based newspapers and magazines for vacancies in its Tripoli office. "Its crazy — we have no operations in Libya at all," says an official at Mobil Oil'a London headquarters.

When Mobil withdrew on December 30 last, its concession was taken over by Libya'a National Oil Corporation and Mobil's former partner Veba Oel of West Germany. As far as Mobil is concerned Mohil Oil Libya ceased to exist then.

The company whicb pleced the London advertisements has told Mobil that "Mobil Oil Libya" is one of it clients and is based in Tripoli. Recent visitors to Libya have reported back to Mobil that the company using the name in Libya eppears to be carrying on "business as usual" under the old nameplate.

Mobil has invoked tha disputes procedure in its original 1955 concession agreement and is preparing for arbitration talks with the Libyans. Meanwhile Mobil's head office in the U.S. is expected to issue a stern rebuke to Libya complaining that people are illegally claiming to represent the oil giant there.

"I'd be careful of any offers from B. Cal darling—it might be just asset stripping."

Fat profits

For enterprise you have to hand it to the students and dons at Salford University. Not content with hosting the last SDP annual conference on their campus, and setting up a student company called SUPER Services, they are now busy knocking businessmen into shape.

The university's department of buman kinetics realised that the expensive, high-technology equipment it uses could also be used to monitor people's health —"for a fee, of course," these businesslike Salford academics reminded themselves.

Drawing from such weight-watchers as British Nuclear Fuels and British Rail (both of whom are paying the fees on the basis it is worth keeping their chaps fit at the top) the department has put some 500 executives through the hoops in six months.

The university'a fitness business is called Physiometrics Limited and it is charging a basic £98 for e grualling few hours. Treatment includes a spell on a treadmill, tweaking with calipers, to measure excess fat, and puffing into a machine that measures breathing and lung capacity.

Bruce Davis, head of the department, says be is astonished at the low level of health among executives he has tested. Some 30 per cent of the 500 sample have been overweight. Simple things like eating the right foods, avoiding stress and taking mild exercise could improve matters, he says. "The demands of these people'a jobs simply override their ability to look after themselves."

Western promise

With a qnestion-mark hanging over the long-term future of Hong Kong some of that colony's residents are looking towards the Dominican Republic as a popular haven for families and investments. In turn the Dominicans are providing a warm welcome.

The focal point of the burgeoning Chinese community there is the El Embajador hotel-casino complex in the capital Santo Domingo. Purchased by Hong Kong financier Simon Yip, it is now run as a family concern.

According to his son Bernard Yip, who looks after his father's affairs on the island, an investment of $50,000 on the island is the sort of figure seen as respectable by the Dominicans for newly-arriveds seeking dual citizenship. To which ona local businessman adds, "If you buy a plot of land citizenship follows eutomatically."

Undeterred by recent Caribbean upsets some 6,000 Chinese are estimated to have taken up Dominican citizenship so far, and are now working on their tans on some of the best beaches in the region.

Pay off

More than 31m rouhles (about £28m) have been saved by the latest Russian "subbotnik"—a day's unpaid labour by every worker in Moscow from street aweepers to government officials.

"As is well known," Pravda reported, "the workers of the capital have decided to devote this to the construction of a monument to the victory of the Soviet people in the Great Patriotic War."

"Nobody asked *me*," grunted the first worker asked for a comment by Western reporters.

Doctors' dilemma

Just about the only people in Portugal who seem to be free of red tape are the civil servants themselves. On average one in every six hureaucrats does not turn up for work each day.

It is part of a wider problem—60m working days a year lost by a total work force of soma 3.5m—that has been exercising successive Governments.

Private sector employers can dismiss persistently - absent workers but a civil service bloated by political appointees is not so easily culled.

Government thought it had found the answer hy decreeing that anyone who called in sick would be visited at home by a doctor just to make sure he was not taking extra paid holiday or moonlighting.

Publication of the new law has been twice delayed—and has now been abandoned. The country'e medical association refuses to co-operate. "We will not be patients' policemen," the doctors say.

Doctors in some other countries take a different attitude, bowever. In Dublin the following notice was seen in a surgery waiting room: "Please do not ask for e false medical certificate unless you are genuinely ill."

Any suggestions?

Quote from Fiasco, the magazina of the Institute of Actuaries Students' Society: "I hope, someday, I shall find a good answer to the question, 'Daddy, what is an actuary?'"

Observer

CRISIS AT IBH

The end of a European dream

By Ian Rodger

THE DOUBTERS have been proven right.

Herr Horst-Dieter Esch has not been able to pull a motley bunch of second-rank construction equipment manufacturing companies together and make a successful European-based world class group out of them.

Last Friday, IBH Holdings, tha company Herr Esch created eight years ago and built up to be the world's fourth largest in the sector in terms of turnover, sought court protection from its creditors.

Worse, the worldwide slump in demand for construction equipment is so deep that the prospects for rescuing many parts of the business do not look good, even if Herr Esch succeeds in having his restructuring plan accepted by the court.

"If the whole group disappeared, it would create scarcely a ripple in the market right now," says one U.S. competitor.

Herr Esch still insists there is "no acute problem" in IBH or any of its subsidiaries. The crisis was triggered off, he says by the failure last week of the Schroeder, Muenchmeyer, Hengst bank which is a shareholder and large supplier of credit to IBH.

HORST-DIETER ESCH
'No acute problem'

The formidable task of making winners out of losers

He said yesterday that a financial restructuring package for IBH will be agreed later this week.

There is no doubt that the drastic decline in construction equipment markets in the past four years made Herr Esch's formidable task of making winners out of losers still more difficult.

However, it looks as if the arduous job of rationalising production and distribution went too slowly. Management attention may have been too closely focused on blockbuster sales and acquisition deals.

"There are still towns in Britain today where you can buy IBH products from three different distributors," one analyst points out. In some markets, three IBH brands of wheeled loaders compete against each other as well as their "real" competitors.

All this is rather surprising, considering the clarity with which Herr Esch originally saw what needed to be done. Buyers of construction equipment wanted to know personally their distributor and manufacturer and forge close links with them. Today, many buyers would be surprised to know that Terex, Hanomag and Zettelmeyer wheeled loaders are made by the same company.

Even when the distribution networks are brought together, difficulties can arise. The salesman who knows how and where to sell large Terex dump trucks for use in big earthmoving projects has to develop new contacts for selling the small loaders and dozers made by other IBH subsidiaries.

Herr Esch acknowledged there is still a lot to do, "but we think we have rationalised a lot more, in terms of research, development and production than is visible in the market place."

In the past year, for example, IBH has concentrated the production of hydraulic excavators at Hymac's plant at Rhymney in Wales, removing some output from the Hanomag subsidiary in West Germany. Similarly, production of small loaders has been concentrated at Zettelmeyer and production of backhoe loaders in France.

"It takes a lot of time to do these things," he says.

Herr Esch, a former construction equipment salesman with Blackwood Hodge, created IBH in 1975 with the acquisition of three German family-owned companies, Zettelmeyer, Hamm and Duomat. Managements were quickly trimmed and the combined workforce fell by a fifth to around 800.

The group got an early boost when a purpose-designed Zettelmeyer wheeled bulldozer won a major German military contract. Then, on the assumption that sales in a given national market will grow if you have a manufacturing presence there, IBH went to France in 1978 and bought 80 per cent of Derruppe from Poclain, Maco Meudon and Mannbat-Pingon.

The potential for rationalising production and marketing of tha Hamm, Duomat and Derruppe compactors and the Zettelmeyer and Derruppe loaders was considerable, but it had to wait.

IBH was beginning to be noticed as a company willing to taka on "unwanted children," in Herr Esch'a phrase.

Patterns of demand for construction equipment were changing in the late 1970s. Markets in North America and Europe were stagnating, and customers in the developing countries liked buying big packages of construction equipment from a single supplier.

Thus, companies offering only a limited range of equipment were at a disadvantaga to tha full-line giants, led by Caterpillar Tractor of the U.S.

IBH offered a plausible and—for European companies—a noble solution. Herr Esch was trying to create a strong European presence in the industry to counter Caterpillar and the other U.S. multinationals. (People didn't talk much about the Japanese then.)

Between 1979 and last year, IBH acquired Hymac from Powell Duffryn of the UK, Hanomag from Massey-Ferguson of Canada, Terex from General Motors of the U.S. and Blau Knox and other construction equipment businesses from Babcock International of the UK. It also tried unsuccessfully last year to acquire tha construction equipment business of International Harvester of the U.S.

HOW IBH HAS GROWN

Subsidiary	Former owner	Products
Zettelmeyer	Zettelmeyer family	Wheel loaders & dozers
Duomat	B. Kaltenegger	Compactors, rollers
Hamm	Hamm family	Compactors, rollers
Lanz	Lanz family	Small loaders
Derruppé	Poclain	Backhoe loaders
Maco-Meudon	Marine-Firminy	Compressors
Pingon	M. Pingon	Excavators
Hymac	Powell Duffryn	Excavators, backhoe loaders
Hanomag	Massey-Ferguson	Loaders, dozers, excavators
Wiban*	SMH	Asphalt plant, cement mixers
Terex	General Motors	Scrapers, haulers, loaders, dozers, dump trucks
Babcock Constrn.	Babcock Intnl.	Paving equipment

*Associate

Source: Economist Intelligence Unit

With the purchases from Babcock, IBH hecame tha fourth largest construction equipment manufacturer in the world. Turnover last year was DM 2.5bn ($936m), slightly less than J.I. Case of the U.S. ($1.2bn) hut well hehind the two leaders, Caterpillar with turnover of $4.76bn last year and Komatsu with aales of Y810.3bn ($2.96bn).

However, that was small comfort in an industry suffering its longest and deepest slump in memory. No comprehensive figures are available, but Mr David Phillips, head of the Economist Research Unit's off highway equipment research group, says demand for tha major products has fallen between 30 and 50 per cent since 1979.

Ona particularly dramatic example is the trend of U.S. manufacturers' shipments of crawler tractors (bulldozers). These dropped from nearly 20,000 units in 1979 to 16,000 in 1981 and then plummeted to 8,000 last year.

Competition has also hecome much more severe, with the increasing activity of the leading Japanese producers, Komatsu, Hitachi and Mitsubishi, in world markets.

No one is predicting an early recovery in demand. Construction equipment sales are tied closely to public works projects and, as one company official points out dryly, "governments everywhere are in difficulty."

Mr Nicola Migliore, marketing director of Fiatallis, the world's fifth largest construction equipment manufacturer, pointed out recently that the only new large construction project in tha world today is tha $10bn Yacyreta hydroelectric dam on the Parana River between Argentina and Paraguay.

In these circumstances, price discounting on equipment sales is fierce and companies need considerable financial depth, as well as manufacturing efficiency, to survive.

For a while it looked as if IBH was sufficiently capitalised. Although it took over weak companies, it bought them on very advantageous terms which should have yielded unit cost advantages. Moreover, three of the four big vendors, GM, Powell and Babcock, aubscribed for substantial amounts of IBH equity.

Still, the group has suffered large losses—DM 112m last year—and has run up DM 1bn of total borrowings, including DM 223m of suppliers' credits. Shareholders' equity is said to be DM 400m.

Before last week'a crisis, Herr Esch said he had arranged for an additional DM 100m injection of new equity and further aid through debt restructuring.

The restructuring plan he is proposing this week involves a substantial rationalisation of assets. He say the core of the group will be the U.S. and Scottish factories of Terex, and the Hanomag, Zettelmeyer and Hamm businesses in Germany.

The French companies and the Brazilian factory of Tarex will be left to find what he calls "national aolutions."

The only significant product loss resulting from the plan would be tha Maco-Meudon portable compressors. But the compressor business is overcrowded and, as Herr Esch says jauntily, "If Caterpillar and Komatsu can survive without compressors in their product lines, so can IBH."

If his plan does not go ahead, the prospects for the IBH companiea do not look bright. "I don't think any of our companies would have a chance on its own," Herr Esch says.

Scottish factories would still be part of the group's core

Some analysts suggest that one of the Japanese companies might be interested in buying something, mainly as a way of getting a European manufacturing base to defuse a criticism of their increasing market shares. Komatsu has said it would be advantageous to manufacture in Europe and Hitachi already has a significant assembly operation in the UK that could be upgraded if attached to, say, the Hymac plant.

Whatever happens, IBH's breathtaking dash for growth seems to have come to an end. As Herr Esch says, "Right now, I'm thinking only about survival."

Lombard

The pessimism industry

By Samuel Brittan

LAST WEEK I happened to be working at home when the news of the last Confederation of British Industry's Quarterly Trends Survey was published and bappened not only to hear the radio, but read the other newspapers before the Financial Times. The message I received was one of grave pessimism and fading recovery—"bad news" needless to say, not for the country, but for the Chancellor. I wondered whether I could have bastily misread the figures in the CBI Press release, because the reports did not seem to refer to the same document as the one in my possession.

But a second reading confirmed that my initial impressions had been correct. Tha crucial chart, showing whether respondents expect output to increase or decrease, has shown a positive balance of "increases" of between 16 and 22 per cent for almost the whole of 1983 except for January—the first sustained positive balance since 1979.

There has also been a sustained drop in the admittedly high proportion of companies reporting below capacity operation, again to the lowest level since 1979; while inflationary expectations hava continued on a downward trend and were at the lowest level for any recovery period since the late 1960s.

Of course, not everything in tha garden is lovely. Export orders as distinct from deliveries, showed a small negative balance after being positive in April and July. New expected orders in all markets, while still showing a positive balance (i.e., an excess of "ups" over "downs") bave fallen from the 23 per cent level in April to 12 per cent.

These cautions notes suggest that the Chancellor needs to keep an eagle eye on the sterling rate, which is uncompetitively bigh against non-dollar currencies. But they bardly suggest that the moderate recovery of output, estimated by the Treasury at 2½ to 3 per cent per annum, is about to fade away—especially when taken in conjunction with other evidenca such as the sharp rise in company profits (estimated by the London Business School at 20 per cent in 1983 and only slightly less next year) and the continued rise in vacancies.

Indeed the CBI's own statement regarded the less favourable answers as no more than "some tentative signs that the rate of growth may be slackening a little." Nor was this backroom whistling by CBI staff. The meeting of the CBI economic committee was said to be the most optimistic for four years. Private non-residential investment has held up amazingly well in the severest recession since the 1930s, and is already higher than before the recession. But, understandably, there was a feeling, after all tha battering of recent years, that it would be wise to wait a little longer before committing large extra sums to expansion plans.

Why then the current pessimism? Is it too frivolous to suggest that the *smaller increase* in general business optimism after the larger increases in July and October has been misunderstood as *pessimism?* More seriously: after an election the oppositional role tends to pass to the media, who tend to confuse criticism of the *Government* with pessimism about the *country's* prospects. There are numerous groups with an interest in pessimism, not merely Opposition parties or disaffected Conservatives, but also those on the radical right who cannot envisage economic recovery after the rise in the share of puhlic spending under the Thatcher Government and who are bitterly disappointed by the lack of privatisation in health and education.

Finally, there are those of us who have wondered whether there are not economic contradictions in democracy, or who fear that because of union and other interest groups, millions of workers bave been priced out of jobs for a very long time. The Government hopes that attitudes have changed and labour market monopoly permanently weakened, hopes that bave still to be tested. Yat it is a grave error to confuse these long-term structural misgivings with a ridiculous refusal to admit that there can ever be any business upturn at any time, or that there exists a level of unemployment and slack at which output can rise without accelerating inflation. There is enough cause for gloom in this level being, to coin a phrase, "in the low millions," without piling on the gloom and doom.

Letters to the Editor

Producer prices in the EEC

From Mr Kenneth J. Thomson and Mr David R. Harvey

Sir,—Professor Tangermann's comments on the EC Commission proposals for dairy quotas and super-levies are well-founded bnt omit some important economic and political considerations. First, *freely tradeable* quotas would reduce the hureaucratic/political costs of such a scheme and encourage efficient production between farmers and regions in the Community. Indeed, a quota market could be used hy the Commission itself to buy back quotas in a similar manner to retirement incentives. Second, the effectiveness of the qnotas depends largely on their operation at farm, not dairy, level. Third, quotas will take on values whether realisable on an open market or not, and these might emphasise the existence of market distortion more effectively than high consumer prices seem to have done. Fourth, effective limits on resources used in milk production will imply release of land and other resources to alternative enterprises such as beef, and/or lower levels of investment (new or replacement) into farming from outside. Fifth, "successful" quotas on milk would be likely to lead to demands for similar schemes for other surplus prodncts such as cereals, with more expensive policing arrangements required.

Economists will not quarrel with the suggestion that lower prices are the "direct solution" to the CAP problem. The Commission may itself be forced to propose these for next year if no wider budget settlement is achieved. But likely solutions, as well as the "best" ones, must continne to be analysed. Perhaps the most helpful stance meantime is to strengthen the agreed resolve of the Commission and Ministers to reduce cereal prices towards those in tha rest of the world, and all milk prices in proportion to excess prodnction.

Kenneth J. Thomson,
David R. Harvey,
Department of Agricultural Economics,
University of Newcastle-upon-Tyne.

Final salary pensions

From Mr R. B. Colbran

Sir,—It is disturbing when (October 25) a personnel manager of a substantial company can write a letter which assumes that all the advantages of both money purchase and final salary pensions can simultaneously be mada available to employees. One would expect him to be familiar with final salary schemes hut this misunderstanding is widespread and perhaps reflects the failure of those of us engaged full-time in the pensions business to communicate the principles.

Although the employer's contribution to a final salary scheme may be expressed as one percentage of the whole payroll, this rate is really a combination of the individnal rates for each member. The actual cost for the individual will be different again, being affected by all the elements allowed for by the ectuary. If the employer allows the average contribution rate to be paid away for the leaver ba will then still have to meet the true cost of the more expensive of those in tha average.

What we have to face is that there is no perfect solntion to the problem. Final salary schemes still have many attractions which is why they have endured. The employee who stays has the benefit of a continuing income after retirement expressed as a guaranteed percentage of final salary. However, no private employer is likely to go as far as the pnblic sector and inflation-proof benefits both before and after retirement age.

It follows that final-salary schemes inevitably will leave the degree of inflation protection to some extent in the discretion of the employer and trustees. This means accepting a degree of benevolent paternalism, possibly hacked up by some anti-discrimination legislation and clearer definitions of the duties of pension fund trustees.

Those who cannot accept such discretions will turn to the money purchase approach under which each member gets exactly what is accumulated for him. It leaves him on his own if misfortune strikes and be retires early, or if rates of return on the invested funds are disappointing either during his service or at retirement when the accumulated fund is converted to pension.

R. B. Colbran,
Director,
Martin Paterson Associates,
10, Buckingham Place, SW1.

Metropolitan manpower

From the Leader, Merseyside County Council

Sir,—Sorry, but the two cbeers which I might otherwise have given for Robin Pauley's contribution to the Survey on the Metropolitan Counties must be rednced to one and a tut-tut.

Merseyside is said "to refuse to publish for its ratepayers the manpower figures." Not true. Absolntely untrue. Merseyside does pnblish information regularly: in case the media miss it, we send digests to libraries in the County. We produce annually a manpower budget showing in full detail all proposed variations in establishment with the reasons for those variations. Far from being defensive, Merseyside is anxious to promote a proper dabate about manpower levels in local government, and Robin Pauley'e own colleague, Ian Hargreaves was given information abont our practices (indeed he mentions the point in his own piece).

What Merseyside will not do is to allow simple data to be used as real (plus misleading) information. Tha Department of the Environment bave consistently been told that Merseyside'a manpower figures are there to be published by them as soon as they agree to publish the reasons for the variations. Otherwise what is being provided is simply not real information, and if those data are used improperly or unwisely, then people will have the wrong answers — which may, indeed, appeal to some.

As for unwise use of data, can I simply point to Robin Pauley's own practice of quoting manpower cost per capita of providing services. For one thing it is very dangerous to build a syllogism on one premise. Secondly, it is positively dangerous when the premise seems not to take account of "who does what" questions. Does it allow for tha fact that some Metropolitan Counties have Highways Agency agreements with their Districts and some do not? Does it allow for the fact that some perform services in, for example, the sphere of the arts and others do not? And if it does allow for them, how? Does it assume that a County only suffers exactly the "average" number of fires or crimes? Would our County be more "efficient" if we closed the Walker Art Gallery and thus produced a lower cost per capita? As for the burden upon commerce and industry, whicb he mentions, I aimply point out to Rohin that for several years we have received letters from the Merseyside Chamber of Commerce and Industry congratulating us on our manpower policy and the clear and full way in which we give the details.

The important thing is to stress that over nine-tenths of our ataff are operational and not desk bound. And that how many of them we need or do not need can be open to a proper discussion: hut that discussion is not belped when the impression is consciously given by Government that people who stand in front of rioters in Toxteth, or who put fires ont, or who clean np after the event, are bureaucrats.

And the final irony? That on tha day when the Government announced the rules for Manpower Watch publication, we contacted the Department of the Environment in Manchester and asked them to let me bave a breakdown (I think that is the word) of their own staff. We were refused — "it is not our practice to reveal manpower figures."

Keva Coombes,
P.O. Box 95,
Metropolitan House,
Old Hall Street, Liverpool.

Investing in computers

From Mr S. H. J. A. Knott

Sir,—I read with considerable interest abont the development plans of Computer Systems Development and the investment in that company of £500,000 by the Lovat Enterprise Fund.

Prodnction software is an important management tool in British industry and its development must be encouraged.

Mr Morris Hogg is not correct when he states that this is the first City investment in manufacturing software. Last year £200,000 was invested in Safe Computing, a considerably larger company in the manufacturing software field. The major investor was United Compnter and Technology Holdings on whose board I sit; the remainder of the funds came from clients of Greene & Co including Discretionary Unit Fund.

The City has long experience of investments in the computer software sector and is always sympathetic of approaches from profitable, well-managed companies.

S. H. J. A. Knott.
Greene & Co,
Bilbao House,
36-38 New Broad Street,
EC2M.

FINANCIAL TIMES

Monday November 7 1983

Terry Byland on Wall Street

Shake-out brings food for thought

WALL STREET was beginning to sound e more plaintive note last week as the brokerage community found itself looking at the Dow Jones industrial average 1,200 mark again – this time through the wrong end of the telescope.

Analysts who not so long ago were concentrating on the search for the next high-flying sector are now taking a more cautious ettitude and seeking out those areas which have best resisted the shake-out of the past fortnight.

Stocks in the food manufacturing and processing sector have been spotlighted by several analysts as an industry with n great deal more bounce left in it than indicated by the restrained response to the latest round of quarterly trading figures. The sector has in fact strongly outperformed the rest of the market over the past three months.

Since the end of July, stock in Quaker Oats has put on 34 per cent, in General Foods 13 per cent and in Nabisco Brands 19 per cent – and this over a period wben market indices have ended up pretty much where they started.

This success by food stocks was in part a catch-up process, after the sector had lagged behind during the early phase of the bull market. But it also reflects the view that even at present levels there is a good deal to go for.

MAJOR U.S. FOOD GROUPS

Stock	Price ($)	p/e
Beatrice Foods	31¾	10
Dart and Kraft	66¾	e
General Foods	52⅞	9
General Mills	52⅞	10
Kellogg	29⅝	9
Nabisco Brands	43⅞	9
S&P 400	182.46	12.17

*Mr Lee Tawes, food industry ana*lyst at Oppenheimer & Co, comments that food stocks are still trading on price/earnings ratios showing discounts of up to 30 per cent on his estimate of 12.09 as the p/e for the Standard and Poors 400, the analysts' favourite yardstick, for this year.

Nor do these discounts shrink very much wheo set against his forecast of an S&P 400 p/e of 9.84 for 1984.

The sector has been helped by the first signs of disinflation in the U.S. and in world commodity prices which are important basic costs for the manufacturers.

Food stocks traditionally do well when industrial growth slackens, taking the pressures off capital expenditures and commodity prices.

Not all the food stocks are equally favoured. Bot General Foods, which pushed earnings ahead by 5.2 per cent to $1.41 a share in its second *quarter, is widely seen as a desir*able stock for most portfolios.

The main boost to profits came from the beverage sector where its aspartame flavoured drinks, Kool Aid and Crystal Light, lifted sales in the division by 20 per cent. There was also a strong gain in the international side, although the benefits were masked by the strength of the dollar.

Weakness however, still exists, in its Maxwell House and other coffee operations. In happier times, this sector brought in nearly half group sales' and returned healthy profit margins. If General Foods comes out on top in the current competition in the U.S. coffee market, earnings would quickly benefit.

Both Oppenheimer and First Boston are predicting increased earnings from General Foods in 1984. Oppenheimer sees share earnings at $6.30 but First Boston, cooler on coffee, forecasts only $6.05. Both expect $5.73 for this year.

Dart and Kraft, one of the sector's two major mergers of recent years, would have pleased everyone with a jump from $1.85 to $2.01 in the third quarter but for the troubles at Tupperware.

Sales of Tupperware, the plastic kitchen containers sold through home agents, fell 20 per cent in the quarter. No one seems to know what is happening to the home sales business where Avon Products is also having problems. Until Tupperware can solve its difficulties the Dart and Kraft stock price will be held hack.

Nabisco Brands, the sector's other big merged group, is now meeting challenges to its once dominent position in the domestic biscuit market. The third quarter was featured by a 10 per cent increase from the international division where the latest acquisition, Huntley and Palmer of the UK, is just entering its traditionally profitable Christmas quarter.

Analysts are agreed that $4.84 a share is likely this year against $4.41 io 1982 while for next year, $5.25 is the accepted target area.

A notable weak spot is General Mills, whose stock hardly moved from $52 *since the beginning of Au*gust. The stock market bas shied away from the group's diversification into other areas. In particular there is a big question over the toy b...

RIVAL BIDDERS DISPUTE $322M CONTRACT FOR ITALIAN GROUPS

Protests at Sudan pipeline deal

BY CHRISTIAN TYLER, WORLD TRADE EDITOR, IN LONDON

CONTRACTORS and Bankers are raising questions about the award *of a big oil pipeline contract in the* Sudan to Italian companies.

Complaints have been lodged by unsuccessful Dutch and French bidders with the International Finance Corporation (ICF) in Washington, the World Bank affiliate which has a small but vital share in White Nile Petroleum, the project's owning and operating company.

Similar protests have been made to the Sudanese Government and to Chevron Overseas Petroleum (owned hy Standard Oil of California) which each control 44 per cent of White Nile.

The controversy came to light during preparations for the ceremonial launching in Khartoum two days ago of the contract, part of an ambitious $960m plan to make debt-ridden Sudan an oil exporter by 1986.

Snamprogetti and Saipem, part of the Italian state holding company ENI, won the contract to huild e *900-mile pipeline* with e bid of $322m at the beginning of last month after an earlier round of bidding in which the Italian consortium quoted a base price of $356m.

They were also awarded n quite separate contract, worth $75m, for field facilities by Chevron Oil of the Sudan.

Although the IFC has made no formal reply to the protests of other bidders, it is understood that negotiations with them are continuing.

Mr Roger Loper of Chevron, the project director, on Thursday night met with officials of three French hanks, before continuing on to Khartoum.

According to a Chevron manager in San Francisco this was a "courtesy" call after an offer from the French to help finance the project, provided French cootractors could participate in the work. Mr Philip Harvey, general manager of White Nile, said the possibility that Snamprogetti might yet subcontract work to *the* French could not be ruled out.

This and other events have raised *doubts in the banking community* over the financing of the scheme, despite an unusually generous decision by Sudan's creditors in the so-called Paris Cluh to exempt the project from any future rescheduling of Sudan's debt.

Snamprogetti's intended Japanese partner Chiyoda, for example, has withdrawn from the pipeline project. One reason was that the Japanese Government, unlike the West Europeans, refused to underwrite the political risk. According to other sources, however, Chiyoda was also angered by Mr Loper's approach to competitors Nissho Iwai, *member of the Japanese consor*tium, Japan Gas, whose hid was ruled out early in the contest.

Mr Loper wrote to Nissho Iwai on October 21, four days after a deadline *set for Snamprogetti to raise* the Japanese part of the export financing. If finance could be arranged then contracts of $114m would be available for Japan, be said.

Questions about the contract were also raised after White Nile board meeting in Washington 10 days ago. It was said that Snamprogetti had failed to meet the conditions of its letter of intent, that the deal was being criticised by governments and companies and that this reflected badly on the credibility of the whole operation.

In Washington, Mr Azam Alizai, the IFC director on White Nile's board said Snamprogetti has met all the conditions of its letter of intent and had "all the money it needs to start work on the pipeline." But he added that of the $960m needed for the project, about $100m still remained to be found. Export credits of about $275m for the pipeline had been arranged, backed by SACE, the Italian export credit agency.

Complaints to the World Bank about the Italian contract have been made by Nacap, of Holland, which with Technicos Reunidas of Spain put in a first-round bid of $320m on May 2 in San Francisco. Nacap came very close to winning *the contract after the White Nile* board decided in August to negotiate with the company. Indeed, Nacap was sent n draft contract with a covering letter signed by Mr Loper on September 14.

Nacap was reluctant to make any comment on the affair yesterday, however.

The other complainant is the large French contracting group Technip, which already has work in the Sudan, and which submitted n first-round bid of $331m. Technip said it was "still seeking a constructive and co-operative solution". It had not received a reply to its message to the IFC.

French Ministers have been informed of the controversy, and the French ambassador to the Sudan is reported to have made n protest to Sudanese *political leaders*. But French officials described it as "not a serious affair". The visit to France later this month of President Nimeiry of the Sudan would not be affected, they said.

Financing for the pipeline project is expected to cost an additional $202m over 10 years, at 10 per cent plus insurance and other items. The pipeline will link oilfields in south Sudan being explored by Total of France and developed by Chevron to a terminal to be built near Port Sudan on the Red Sea. The twin lines, with telecommunications facilities and heating elements to keep the heavy *crude* fluid will carry an initial 50,000 barrels a day. Ultimate capacity is 190,000 b/d.

THE LEX COLUMN

Winds of change in Pretoria

The heavy majority in favour of South Africa's new political constitution may not have cut much ice outside Afrikanerdom; but anything less than a sound "yes" vote would have made a big splash within the republic *itself, to judge from the be*haviour of the Johannesburg markets.

The rand slipped from 86 to 81½ U.S. cents at one point last Monday in a passing fit of uncertainty about the referendum's outcome. It seemed for a moment that the authorities were facing exactly the *kind of nightmare which must have* disturbed more than one official's sleep since the dismantling of foreign exchange controls began in February.

The rand has since recovered. But the episode has focused more sharply the risks accepted by the republic in opting for a less regulated exchange market. A political crisis now would have reinforced worries about the impact of a falling gold price; gold closed in London on Friday at just over $382, compared with an average price of $431 for the first 10 months of the year.

Gold price

Any significant decline now damages South Africa's balance of payments in two respects. At the moment, each $10 or so drop in the price still cuts back dollar earnings by about R200m; but in addition, *foreign investors disaffected* with the outlook for gold shares can now sell and repatriate their proceeds where the discount on the financial rand would otherwise have encouraged a switch to, say, rand deposits.

Foreign sales of gold shares have been more than compensated for on the stock market by the enthusiasm of the domestic institutions. Their support for the shares had last month pushed the gold mines' weighted average yield below 6.3 per cent, against 10.7 per cent a year earlier when the gold price was at virtually the same level. But the *foreign sales have certainly* contributed in the last few months to a substantial outflow of capital and this has been a serious enough drain on the liquidity of the big banks to be the main factor behind a sharp rise in South African interest rates.

The Reserve Bank has been working hard to restrain any further increase in prime rates above the 18 per cent levels reached in August, up from 14 per cent in February. So far, it has succeeded, although credit demand remains high despite the continuing recession. A further easing of the gold price, however, would probably now squeeze rates higher – and the test the government's declared free market policy, whatever the consequences for the rand/dollar rate.

There are plenty of disenchanted gold bugs around who by now would draw some comfort from renewed *price weakness. Many dyed*-in-the-wool gold investors appear to have taken umbrage at the gold price's failure to move up in September as it has invariably done in each of the last dozen or so years. This appears as much as anything to have prompted the recent heavy selling.

It may be that the speculators will rue their impatience. There are *signs* that the traditional price cycle – which ought to have started before now if the cycles of 1972-76 and 1976-82 are any guide – could be under way, after the false start which produced a $500 price early in 1983.

At least activity in the *retail mar*ket should be reviving with the renewal of trading business in gold coins by London's five bullion houses last week – trading had been suspended for three months to avoid hindering investigation into the great VAT fraud on UK sales. More crucially, though, reports of higher consumer spending on jewellery look as though they are beginning to encourage a higher demand for fabricated gold.

This normally marks the start of the price cycle, lagging the industrial upturn in the Western economies. So far this year, demand from the jewellery industry has actually fallen. The other key demand factors have also disappointed; there has been precious little evidence of renewed confidence among long-term investors and a 9 per cent drop in the turnover of the U.S. gold futures market over the first 10 months of the year shows the sentiment among short-term traders.

While demand could thus finish the year at around 925 tons, down from last year's 1,070 tons, total bullion supply will undoubtedly have grown again, on top of last year's 13 per cent jump, leaving a surplus of as much as 200 tons. This has resulted in large part from a number of new mines now coming into full capacity production, not least in South Africa.

Costs have been rising in the South African industry, but this has not been the only incentive for it to lift operating rates. The gold price's fall from its $500 level this year has substantially counteracted the rand's fall against the dollar. The industry has retained its generally robust health, enjoying an average rand price in October almost up to the average level recorded for 1980.

Resolution

Which brings us back to the outlook for the rand. If weakness in gold's dollar price continues to exert pressure on the capital account, the mining industry for one can be expected to support the Government's *new willingness to see the* exchange rate take the strain.

Even after the rand's fall from 90 to 86 cents since the end of September, the Government for its own part is showing no less resolution, in public at least. But with imports accounting for a quarter of GDP and inflation still at around 11 per cent on an annualised basis, there must surely be a limit to the Government's forbearance.

There are several borrowers waiting in the domestic capital markets who will be hoping the government does not resort to defensive increases in interest rates. Most are *government entities like Escom,* which postponed a large issue because of higher rates last month. Sasol, meanwhile, opted for equity finance on Friday when it announced a R750m rights issue to help fund the purchase of the Sasol Two synthetic oil plant.

The alternative to higher interest rates, inevitably, will be a course of prudent intervention in the exchange markets. Probably the Government will see this in much the same light as its open market operations and repurchase agreements with the banks to restrain interest rates since the summer. It may already *have given the hint of this ap*proach by checking that its powder it still dry in the international markets. Last week, it announced that thought was being given to the idea of dollar and D-Mark Eurobonds – and the word is that it has even repaid a token portion of the funds drawn down from the IMF this time last year, just in case.

Paris retreats on petrol prices

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government announced concessions over the weekend to the loss-making French oil refining industry in *the* shape of a more favourable readjustment to the formula under which petrol product prices are calculated.

Oil companies have been cutting back on imports and postponing investments after angrily protesting against the Government's decision at the end of August to freeze at FFr 7.70 to the dollar the parity used in the pricing formula.

The French refining industry, which lost FFr 12bn last year, claimed that the decision taken as part of the Government's anti-inflationary drive would involve them in further substantial losses. Since August the dollar has been regularly above the FFr 8 mark.

Reflecting the continuing troubles of the French refining industry M Michel Pecquer, the new bead of Elf Aquitaine, revealed at the weekend that Elf expected to lose FFr 2hn this year oo its refining and distributing operations, although this was down from FFr 4bn in 1982.

M Pecquer said that the oil group still expected to make net profits this year close to last year's level of FFr 3.5bn.

In its climbdown, the Government disclosed that from November 14 the parity used in the formula will be increased to FFr 7.90 to the dollar. This is still below the market rate which at Friday in Paris stood at FFr 8.10 to the dollar.

The French oil *industry associa*tion, of which the major companies are members, described the new parity as "less unfavourable" but emphasised that the rate was still "artificially" fixed. Undoubtedly the Government had been worried by the companies' tough reaction to the unexpected August decision and particularly by its cut back in crude purchases.

Typical was the attitude of Total's refining subsidiary, Compagnie Francaise de Raffinage, which called the Government's decision "stupefying" and said it would reduce stocks to the "strict minimum."

Part of the improvement in the foreign trade balance in September was due to the reduction in oil imports.

The office of M Pierre Mauroy, the Prime Minister, said at the weekend that the increase in the parity used in the formula should *add no more than a centime* to the price of petrol at the pump. But in part to offset the inflationary impact the Government also announced over the weekend that the discounts petrol stations can offer in France will be raised from 9 to 16 centimes a litre for ordinary grade petrol and from 10 to 17 centimes for supergrade.

This move is also a result of the discount war unleashed in the summer when the supermarket chains of M Edouard Leclerc and his brother Michael disregarded Government regulations and offered discounts of up to 20 centimes a litre.

The Leclerc groups own between them some 720 petrol stations in France. Their action inevitably made the administration look foolish in that by lowering prices they were accused of breaking the regulations. Subsequently the Government suspended the import licence *of Sipelec*, the company that supplies the Leclerc stations.

M Edouard Leclerc said yesterday that he was not satisfied by the Government's move, which has to be confirmed today by the prices commission.

Opec countries' trade balance, Page 4

Upset for Generals in Turkish election

By David Barchard in Ankara

TURKEY'S FIRST election since 1977 appears to have produced a serious upset for the country's ruling general and brought Mr Turgut Ozal, the architect of the 1980 austerity programme, to power with nearly 50 per cent of the popular vote.

Mr Ozal – assuming President Kenan Evren names him as Prime Minister – will now be well placed to press ahead with economic reforms and the opening up of the country to free market policies.

As news of his victory came through, the ruling National Security Council, which has governed Turkey since the military revolution of 1980, went into emergency meeting.

The military have given fairly explicit support to the party running third in the election returns, the Nationalist Democracy Party of retired general Mr Turgut Sunalp.

That took 22 per cent of the vote, even though the weight of martial law and n strictly censored press had been deployed to help it.

Last Friday, President Evren went on television to issue n thinly veiled plea to voters to support Mr *Sunalp rather than Mr Ozal*. That seems to have infuriated many ordinary Turks.

Mr Sunalp performed better than most Turkish opinion polls suggested. They had shown him closer to the 10 per cent mark.

Late on Sunday evening, the Nationalist Democracy Party was pinning its remaining hopes on late returns from rural voters in remote areas. In many villages, support for the NDP was much stronger than in the towns.

The centre-left "Populist" Party of Mr Necdet Calp, widely regarded as an artificial creation, seemed to have succeeded in tapping Social Democratic support in many areas. It had taken 27 per cent of the vote across the country.

As news of Mr Ozal's victory came out, there was speculation over the likely reaction of Predisent Evren and the army. The National Security Council retains its full powers until the new 400-man, single-chamber assembly elects its speaker.

The President has the right to veto elected members of the assembly and to name anyone be chooses as Prime Minister.

Brazil's wage and tax plan 'ensured'

Continned from Page 1

and Brazil's creditor banks, prior to the disbursement of funds in phase two of the Brazilian debt rescue operation.

Banks prepared to participate in the $6.5bn jumbo loan being arranged for Brazil have been asked to give their replies by this week, prior to the IMF board's meeting on November 18.

Negotiations between government officials and the PTB over Decree-Law 2065 began in earnest last week when it became clear that the main oppositioo party, the Partido do Movimento Democratico Brasiliero (PMDB) would oppose the latest official formulation on wages.

The four opposition parties, combined, have a small majority in the Chamber of Deputies.

The PTB, a tiny relic of a once mighty political party, has 13 deputies in the 476-member chamber. It abandoned a temporary political pact with the Partido Democratico Social, the officially backed party, earlier this year when it became clear that President Figueiredo was not prepared to give the Labour Party a place in the Governmeot.

IBH prepares to shed its overseas factories

Continued from Page 1

He repeated thet IBH move into composition proceedings was unrelated to the company's financial condition.

He said IBH had total debts of about DM 1bn ($377m), of which DM 550m were in bank borrowings and DM 223m in suppliers' credits. Shareholders' equity amounted to DM 400m. The group suffered e loss last year of DM 112m and was forecasting a loss of DM 60m this year until the current crisis.

Herr Esch said IBH had been arranging for an injection of DM 100m in new equity plus raising a further DM 300m by restructuring dehts and selling investments but the plan was cancelled when last week's crisis arose.

The success of the new restructuring plan depended on the co-operation of the new owners of the SMH hank.

The City authorities in Hanover, West Germany, have expressed confidence that Hanomag, the local subsidiary of the struggling IBH constructioo equipment concern, could survive outside the group.

But they indicated that it would need more aid from the state government of Lower Saxony. City officials, including Herr Herbert Schmalstieg, the Mayor, held a crisis meeting at the weekend to consider Hanomag's prospects in the wake of IBH's move on Friday to seek court protection from its creditors.

Hanomag, which IBH acquired from Massey-Ferguson in 1980, employs about 2,600 workers.

City and state authorities recently agreed to provide most of the backing to enable Hanomag to start building a new DM 170m factory in Hanover. The foundation stone was laid a month ago amid much local puhlicity.

The city and state provided DM 75m in cash, including money to buy the site, and the state also gave a DM 60m guarantee for bank credit of DM 80m for the project.

Hanomag has a sizeable order book and some employees have been working overtime. It expects sales revenue to be close to last year's DM 460m, but is continuing to operate at a loss.

Hanomag expects to break even by about mid-1985, when it is due to move into its new factory, which offers scope for more economical production.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	18	68	Dubrovnik	F	15	59	Malaga	C	15	59	Salzburg	R	12	54
Akrotiri	S	22	72	Faro	S	20	68	Malta	F	21	70	Seoul	S	17	63
Algiers	F	28	82	Florence	Fg	10	50	Manila	C	32	90	Singapore	R	31	88
Amsterdam	C	11	52	Frankfurt	Fg	7	45	Miami	S	28	83	Stockholm	F	11	52
Athens	C	18	64	Funchal	C	13	55	Milan	Fg	10	50	Strasbourg	Fg	7	45
Bahrain	S	28	82	Geneva	C	9	48	Moscow	C	4	39	Sydney	C	23	72
Bangkok	C	31	88	Gibraltar	S	17	63	Munich	S	12	54	Taipei	S	27	81
Barcelona	D	17	63	Guernsey	S	13	55	Nairobi	—	—	—	Tangier	Th	16	61
Beirut	F	23	73	Helsinki	C	7	45	Naples	S	19	66	Tehran	—	—	—
Belgrade	F	12	54	H. Kong	S	26	79	New Delhi	S	31	88	Tel Aviv	C	24	75
Berlin	C	8	46	Innsbruck	C	9	48	New York	C	3	37	Tenerife	C	22	72
Biarritz	F	16	61	Inverness	F	10	50	Nice	S	19	66	Tokyo	R	14	57
Blackpool	C	11	52	Istanbul	C	13	55	Oporto	S	21	70	Toronto	S	3	37
Bordeaux	S	18	64	Jersey	S	14	57	Oslo	F	11	52	Tunis	C	21	70
Brussels	Fg	10	50	Jo'burg	—	—	—	Paris	S	13	55	Valencia	Th	16	61
Budapest	S	14	57	Las Palmas	F	25	77	Prague	Fg	5	41	Venice	S	14	57
B. Aires	C	25	77	Lima	S	21	70	Reykjavik	F	0	32	Vienna	C	9	48
Cairo	S	27	81	Lisbon	S	18	64	Rio de J'o	S	33	92	Warsaw	S	12	54
Cape Town	—	—	—	Locarno	S	14	57	Rome	S	20	68	Zurich	C	7	45
Caracas	D	28	82	London	C	13	55								
Casablanca	C	22	72	Los Angeles	C	25	77								
Copenhagen	F	10	50	Luxembourg	Fg	9	48								
Corfu	S	21	70	Madrid	C	16	61								
Dublin	C	11	52	Ma'orca	C	21	70								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Arafat close to defeat

Continued from Page 1

lowing last Friday's bomb attack on an Israeli security headquarters.

Closing the bridges would cut off the 800,000 Lebanese in the south of the country and Israel fears that it might spark off further unrest. But Mr Shamir did pledge to do everything possible to eliminate terrorism io Lebanon. He also informed the Cabinet that Israel and the U.S. were intensifying their co-operation

Lebanese President Amin Gemayel may be unable to complete his scheduled international consultations in time for a resumption of national reconciliation talks on November 14. After talks with President Mitterrand of France yesterday he had planned to fly to Washington, but his trip may now be put off because of President Reagan's visit to the Far East.

In Washington, speculation continued as to how and when the U.S. might retaliate militarily against those responsible for the bombing attack on the U.S. marines in Beirut two weeks ago. U.S. officials discounted suggestions that retaliation was imminent, but would not rule it out.

President Ronald Reagan has repeatedly said that the perpetrators of the attack on the marines will be punished when they are identified.

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by G.T.S. Damer, Frankfurt/Main, A.F. Hare, R.A.F. McClean, M.C. Gorman, B.A. Lawrence, D.E.P. Palmer, London, as members of the Board of Directors. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Monday November 7 1983

INTERNATIONAL BONDS

Floating rate notes buoyed by growth in demand

BY MARY ANN SIEGHART IN LONDON

"I WISH I could say I was doing e floating rate note," said one Eurobond new issue manager on Friday afternoon. Last week, it was the only sector of the Eurodollar market which saw any activity or gave banks any chance to make money.

Of the $835m worth of dollar bonds launched last week, $635m were floaters. The $500m issue for Sweden, which came out the previous Friday, met such good market demand that it was promptly doubled to $1bn on Monday morning.

Even then nobody batted an eyelid. It was the first time a Eurobond has been doubled, and certainly the first time that one has been increased by as much as $500m, yet the price hardly moved. By Friday afternoon, the bond was still trading at a small discount of 0.35 points, well within its 0.80 selling concession.

Given the electric performance of the recent floaters, it might well be asked why borrowers are prepared to pay such high fees to the management team. Sweden, for example, paid 1.40 per cent front-end fees, yet the bond sold at a discount of 0.35. With a lead-manager's fee of $1m and the profit it made on selling its share of the notes, Credit Suisse First Boston must have made $2.5m to $3m on the deal. The co-managers, too, did pretty well out of it.

The answer is probably that borrowers have been happy because they are getting money for a longer maturity, and at a lower spread over Libor, than they would in the bank market. No borrower dares price an FRN issue so tightly that it risks breaking the market's winning streak. However, it would not be surprising if fees get squeezed as competition for mandates hots up.

It is not just sterling floating rate notes that are popular at the moment. Straight issues, too, are coming into vogue. New issue volume in Eurosterling and bulldog bonds has been rising steadily since August, and in the first four days of this month, we have already seen £150m worth of issues.

So much for the week's successes. The failures were both the primary and secondary markets in fixed-rate dollar bonds. Only two such issues were launched last week, and both were languishing at 2-point discounts on Friday.

In the secondary market, said one dealer, "it's nervousness building on nervousness – I haven't heard a positive word from anyone for days." The refusal by the U.S. Senate to raise the Treasury's debt ceiling forced the postponement of the auctions scheduled for last week. With less than 40 trading days left this year, dealers believe the Treasury still needs to carry out 20 more refunding operations.

For once, the Eurobond secondary market performed worse than its New York counterpart. Prices fell by ½–1 point on Friday alone. And Friday night's news of a $900m increase in the U.S. M1 measure of money supply was just about in line with market expectations, so a boost to the market from that quarter is not expected.

It would be difficult to sell a fixed-rate new issue under these conditions, but CSFB will be launching a new floater on Monday, and more are rumoured to be on their way. The deal is for the Austrian Genossenschaftliche Zentralbank – a $50m, 12½-year bond paying ⅛ point over six-month Libor at par. Co-lead managers are S. G. Warburg and London & Continental Bankers.

Prices on Continental secondary markets drifted down over the week in very low turnover.

NON-PERFORMING LOANS

Banks fear Brazilian blot

BY DAVID LASCELLES IN LONDON

AS THE end of 1983 draws closer, a new factor is entering Brazil's debt crisis – the huge arrears on its loan payments.

Most of its creditor banks have to balance their books on December 31, and they want these arears to be kept as low as possible so that they do not impact their year-end reports.

The problem is especially acute for U.S. banks who have by far the largest exposure to Brazil – $15bn – and have to comply with strict accounting and disclosure rules when borrowers fall more than 90 days behind their payments. Banks in other countries have a little more leeway but as a U.S. banker said this weekend, "everybody wants to see Brazil clear up its arrears."

The problem began last May, when Brazil missed its IMF targets and was cut off from loans due onder the IMF rescoe package. The country effectively ran out of cash in July, and by the end of September had fallen more than 60 days behind on many of its debt service payments.

The country understands the banks' predicament and releases from time to time what precious foreign exchanges it can spare to keep arrears down ($300m in September and another $200m last week). At tha latest count bankers say arrears are still below 90 days "on average"

U.S. banks are obliged to treat as "non-performing" any loans on which repayments are more than 90 days late (it used to be 60 days for some banks but the rules have just been harmonised).

This means two things. First, they can only recognise interest income, when the cash actually arrives (banks usually treat loans as if they are accroing interest all the time, even though acutal payments may be made only every six months). Second, they must disclose in their quarterly results the total of non-performing loans on their books.

The Securities and Exchange Commission now also requires them to detail large loans to foreign countries in trouble.

Putting a loan on non-performing status does not automatically mean it has to be classified and a loss provision made. That is a matter for the banks' auditors to decide. But non-performing loans look bad and they hurt profits.

The fact that U.S. banks are under special pressure has created some tension among Brazil's creditors. There have been suggestions that U.S. banks should be at the head of the queue for whatever repayments are made but these have been firmly squashed by non-U.S banks.

The solution bankers are hoping for is that Brazil will get back on the IMF track and start the loans flowing again. But, failing that, there are two possible courses of action.

One would be for the banks to renegotiate the arrears and turn them back into good loans by a wave of the magic accounting wand. Bnt U.S. bank accounting standards say that when banks ease the terms of e loan because the borrower is in trouble, that loan must also be treated as non-performing. U.S. bankers argue that the change in terms in Brazil's case would be too small to trigger this rule. But they admit the situation is not clear-cut.

The other would be to lend Brazil just enough extra money to enable it to get its arrears down below 90 days at year-end.

CREDITS

Algeria pushes for even finer terms

BY MARGARET HUGHES IN LONDON

NORTH AFRICA has stolen the limelight from other borrowers in the Eurocredit market during the past few days. Centre stage bas been the jumbo loan for Algeria with banks on tenterhooks awaiting the award of the mandate. Such has been the keen competition that the Algerians have been trying to squeeze the banks for even finer terms.

Not content with a best offer of ½ per cent over six years rising to ⅝ per cent over Libor only for the last two years, Algeria is now pushing for at least ½ per cent over the full term or even ⅜ per cent. The three main competing groups have been asked to submit new offers.

The three-bank group, comprising Arab Banking Corporation. Banque Nationale de Paris and Manufacturers Hanover, is understood to be sticking by its original offer which was the most aggressive of the three and carried a management fee of ⅜ per cent.

It is still being tipped as the likely winner. The other two groups – one of 20 led by Banque Arabe et Internationale d'Investissement (BAII) and including several non-traditional lenders to Algeria, and another of 10 assembled by Chase Manhattan and Gulf International Bank – are understood to have offered ½ per cent for the first four years only.

Although these two groups may submit improved offers the banks' ardour towards Algeria appears to be cooling.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead Manager	Offer yield %
U.S. DOLLARS							
DBS §‡	70	1998	15	5½	100	Daiwa Secs., DBS-Daiwa, Dresdner Bk., SG Warburg	5.500
Dart & Kraft Fin. ¶‡	85	1998	15	7¾	100	Morgan Guaranty, Goldman Sachs	7.750
Mitsubishi Corpn. ¶‡	100	1988	5	5¾	100	Nikko Secs., CSFB, Robt. Fleming, Merrill Lynch, Morgan Stanley, Yamaichi	5.750
Chase Manhattan Ø†‡	368	1995	12	0	99.6	Salomon Bros., Lehman Bros.	–
Sweden † (a) ‡	1,000	2003	20	¼	100	CSFB	–
Asian Devt. Bank ‡	100	1093	10	11¾	99	Deutsche Bank, CSFB, SBCI	11.930
LTCB ‡	100	1993	10	12	100	Mgn. Guaranty, CSFB, Sal. Bros., LTCB Intl.	12.000
Bque. Dev. Econ. de Tunisie †‡	60	1990	7	¼	100	CCF, Bankers Trust, Soc. Generale, BAII	–
Banco di Roma †‡	75	1990	7	¼	100	Citicorp, Banco di Roma, Commerzbank, Credit Lyonnais	–
GZB †‡	50	1996	12½	⅛	100	CSFB, SG Warburg, London & Continental Bkers.	–
SWISS FRANCS							
Amax Ovs. Fin. ¶‡	100	1991	–	7¼	100	Sofitic	7.250
Gun-ei Chemical** ¶‡	60	1088	–	4¼	100	SBC	4.250
Tokyo Optical** §	20	1988	–	3⅛	100	CS	*
Toyobo Co.** ¶	50	1988	–	*	*	SBC	*
EIB** ‡	80	1989	–	5¼	100	SBC	5.750
Southmark Intl.** §‡	40	1990	–	5¼	100	Paribas (Suisse)	5.250
Nippon Thompson** §	35	1989	–	3⅛	100	Banca del Gottardo	*

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead Manager	Offer yield %
SWISS FRANC							
Shikoku Elec. Power	100	1991/3	–	*	*	UBS	6.000
Toyo Glass**	18	1988	–	6⅛	*	CS	*
Izumi** §	20	1989	–	3¼	100	Swiss Volksbank	*
STERLING							
World Bank (p) ‡	100	2003	20	11½	99.714	Baring Bros.	11.540
Invs. in Industry ¶‡	50	1991	8	11½	99¾	SG Warburg	11.550
Denmark † (b) ‡	100	1998	15	¼	100	SG Warburg	–
GUILDERS							
IADB	150	1993	10	9	*	ABN, Amro Bank	*
LUX FRANCS							
Hypobank Intl.	250	1988	5	9⅞	*	Bque. Intl. a Lux.	*
PKbanken**	250	1988	5	10½	*	Kredietbank Lux., Bque. Gen. du Lux., PKbanken	*
ECUs							
World Bank ‡	100	1988	5	10⅝	100	Kredietbank Intl., ABN, BBL, Soc. Gen. de Bque., SBCI	10.625
World Bank ‡	50	1993	10	11	100	As Above	11.000
YEN							
SDR** ‡	10bn	1993	6.6	8.3	100	Nomura Secs.	8.300
Nat. Elec. Bd. of Malaya** ‡	10bn	1993	9	8.4	100	Mitsubishi Tst. & Bking.	8.400
IADB ‡	15bn	1995	10.32	7.7	99.35	Nikko Secs.	7.935

* Not yet priced. ‡ Final terms. ** Placement. § Convertible. † Floating rate note: coupon is spread over 6-month Libor. ¶ With warrants. Ø Registered with U.S. SEC. | Dual currency issue repayable in dollars. (a) Spread over 6-month mean Libor. (b) Spread over 3-month mean Libor (p) Partly paid. Note: Yields are calculated on AIBD basis.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS

More indications on strength of recovery hits prices

U.S. BOND prices tumbled last week as the market was swamped with "negative" news.

The tone of uncertainty was set from the start by the Senate debt ceiling impass and the postponement of the mini-refunding. But a firm Fed funds rate and further indications that the economy is continuing to outperform expectations were other major factors

These factors, coupled with a continuing lack of retail buying interest, combined to push the long bond price down to 100⅝

U.S. INTEREST RATES (%)

	Week to Nov 4	Week to Oct 28
Fed funds wkly aver.	9.42	9.36
Three-month CDs	9.45	9.23
Three-month T-bills	8.81	8.59
30-year Trasn bond	11.93	11.72
AAA Utility	13.00	12.75
AA Industrial	12.75	12.80

Source: Salomon Bros (estimates). In the week ended October 26 M1 rose by $900m to $510.3bn.

—its lowest price since mid-August. At this level the long bond is yielding 11.92 per cent—almost 50 basis points higher than a month ago. The full measure of the market's current malaise is perhaps reflected in the fact that a year ago—with the discount rate at the same 8.50 per cent level—30-year Treasury bonds were yielding 10.72 per cent.

Short-term rates have also come under upward pressure. With the Fed funds rate remaining stubbornly high, the three-month T-bill rate gained 22 basis points to close at 8.81 per cent—narrowing the yield spread between the long and short ends of the market for the first time in several weeks.

The most immediate and obvious reason for the back-up in rates last week was the confusion caused by the Senate's refusal to raise the debt ceiling from its current $1,389bn level, which forced the Treasury to postpone — and belatedly reschedule — the $16bn refunding.

By cutting back on other auctions the Treasury now hopes to auction the package of three-year, 10-year, and 30-year paper starting today.

The delay is already calculated to have cost the Government between $250m and $300m reflecting investor caution and determination to hold out for higher yields. It also means the Treasury will have to hold auctions of one form or another on 20 out of the 29 non-Friday trading days left this year.

This flood of new paper expected to total $53bn in coupon issues between now and the year end has cast a shadow over the credit markets.

But market sentiment is also being depressed by other factors, most importantly the concern over the pace of the economic recovery and a renewed debate about the expected response of the Federal Reserve Board.

The continuing strength of the recovery, coupled with expectations that the monetary aggregates may rise again over the next few months, prompted at least two Wall Street economists, Dr Henry Kaufman of Salomon Brothers and Mr Philip Braveman of Briggs, Schaedle and Co, to warn at the end of last week of a possible Fed firming.

Dr Kaufman said: "It is highly likely that the next significant move by the Fed will be to firm money market conditions later this year or sometime in early 1984."

Still Wall Street's view of the Fed policy dilemma is far from unanimous and the majority view probably remains that the Fed is unlikely in the short term to change course radically.

The most noticeable issue last week came from Chase Manhattan which increased the size of a floating rate 12-year note offering from $300m to $350m.

Trading in the credit markets will be further disrupted this week by the Election Day holiday tomorrow and Veterans Day holiday on Friday. Trading will be extremely limited on both days.

Paul Taylor

Brazilian group buys into local Alcoa subsidiary

BY ANDREW WHITLEY IN RIO DE JANEIRO

CAMARGO CORREA the leading Brazilian civil construction and engineering company, has acquired a 36 per cent stake in Alcoa Aluminio, a wholly-owned Brazilian subsidiary of the U.S. aluminium giant, for $220m.

The purchase marks the first time a privately-owned Brazilian company has taken a major shareholding in the operations of a multi-national established in Brazil. Announcing the news to President Joao Figueiredo, last week, Sr Sebastiao Camargo, president of the company, claimed it was the largest deal undertaken to date by a private company in Latin America.

Alcoa is the third ranking aluminium producer in Brazil, and the largest participant in a western consortium building a big alumina and aluminium plant at Sao Luis on Brazil's north-east coast.

It has a 51 per cent stake in the $1.5bn Alumar project, in which Billiton, the Royal Dutch/Shell minerals subsidiary, holds 40 per cent and the Hanna Mining Company of the U.S. has the remaining nine per cent. The first stage is due on stream in mid-1984.

The basic negotiations between Camargo Correa, which last year was Brazil's most profitable locally owned company, and Alcoa were concluded in Pittsburgh, at the end of October. But, as a number of details remain to be worked out, no formal announcement has yet been made.

Alcoa Aluminio said in San Paulo on Friday that the financial re-arrangements in the Alumar consortium, had not been finalised, but it was likely that it would be solely responsible for the next stage of the project: the doubling of capacity of the aluminium smelter from 100,000 to 200,000 tonnes per year.

The Alumar project is entitled to Brazilian Government fiscal benefits under the ambitious Greater Carajas scheme, encompassing the development of the mineral and agricultural resources of the south east Amazon region. The expiry of certain benefits at the end of this year, undoubtedly helped determine the timing of the Camargo Correa Investment.

Camargo Correa earned 217bn Cruzeiros (US$1.14bn) in 1982, with net profits of 35bn Cruzeiros. In contrast, Alcoa Aluminio declared a 1.8bn Cruzeiros loss in Brazil last year. Earnings were 33bn Cruzeiros, half the size of those of the leader in Brazil's growing aluminium sector, Alcan do Brasil.

Earnings up slightly at Greyhound

By Paul Taylor in New York

GREYHOUND, the diversified U.S. transport and consumer products group embroiled in a bitter nationwide strike by its bus drivers, reported marginally improved third-quarter earnings.

Income from continuing operations increased to $36m or 75 cents a share compared with $35.6m or 81 cents in the same period last year on revenues from continuing operations which fell from $635m to $615m. The fall in per share earnings reflects the issuance of an additional 2.5m shares.

Income from discontinued operations — primarily the Armour Food Company which is being sold—together with a $169,000 special gain made a final net of $36.3m or 76 cents a share compared to $37m or 84 cents.

For the nine months income from continuing operations was $76.2m or $1.62 a share, up from $73.6m or $1.67 on flat revenues of about $1.8bn. Final net income increased to $61.3m or $1.73 a share compared with $79.4m or $1.80.

NBH sells 17% stake in Dunlop Olympic

BY MICHAEL THOMPSON NOEL IN SYDNEY

NORTH BROKEN HILL (NBH), the Australian mining investment house, has sold its 16.72 per cent stake in Dunlop Olympic, the diversified industrial group, for A$58.5m (US$53.8m). The sale leaves NBH with cash reserves put at more than A$100m.

Of the 40.61m Dunlop Olympic shares, sold at A$1.44 each, 17m representing 6.9 per cent of Dunlop Olympic's capital, were bought by SA Brewing. The rest went to institutions, mainly Australian.

Dunlop Olympic's interests include footwear, clothing, textiles, and rubber and general products. It is presently capitalised at about A$357m, making it Australia's 6th biggest company.

SA Brewing—itself partially owned by Carlton and United Breweries, Australia's biggest brewer—has shown signs lately of wishing to broaden its investment base. However, a full-scale bid for Dunlop Olympic is not thought likely.

Dunlop Olympic was described by NBH as a "very broad and well-managed company." Its operating profit in the year to June 30 was A$45m, down 15 per cent.

In turn, North Broken Hill is known to be keen on expanding its mining role. At present it is primarily an investment house. Late last year, it spent A$70m on gaining full control of Associated Pulp and Paper Mills.

A logical target for NBH is said to be EZ Industries, the mining concern, in which it already has a one-third stake. A bid for the rest of EZ would cost NBH an estimated A$500m, thought to be within its capabilities.

HK tightens listing requirements

BY ROBERT COTTRELL IN HONG KONG

HONG KONG'S Securities Commission is to phase in requirements for listed companies to disclose their ownership, dealings, and major business transactions, particularly acquisitions and disposals.

The Commission said it planned to seek approval for legislation governing corporate disclosure in three years' time. But it would be seeking to enforce with immediate effect an increased degree of disclosure by applying tougher listing regulations to the four local stock exchanges.

The Commission said that, in preparing disclosure legislation, it would take into account the results of investigations now underway into two major local property groups, Carrian and Eda, both of which have proved unable to pay their debts.

Court approves Daon debt plan

THE BRITISH COLUMBIA Supreme Court has approved the plan by Daon Development, the troubled Vancouver-based property group, to restructure its C$1.77bn (U.S.$1.4bn) of debt, Our Financial Staff writes.

The court's decision followed a series of meetings at which the various categories of Daon debenture and shareholders overwhelmingly approved the restructuring. Daon can now go ahead with a C$160m rights issue and placement, the second stage of the rescue plan.

Realignment at Trans World Corporation

● Following approval of a plan to separate TRANS WORLD AIRLINES from the parent company, Trans World Corpn, a limited executive realignment has been made. Mr Frank L. Salizzoni, senior vice-president — finance and administration of Trans World Corpn, will also become its treasurer. Mr Robert A. Pelser, the current treasurer, will serve as vice-president and treasurer of TWA. Mr John J. O'Keeffee Jr, corporate secretary and assistant general counsel of both Trans World and TWA, will retain his duties as corporate secretary of Trans World and will also become its vice-president and general counsel. Mr Ulrich V. Hoffman, vice-president and general counsel for both Trans World and TWA, will continue in that position at the airline. Ms Barbara T. R. Zimet will succeed Mr O'Keeffee as TWA's corporate secretary and as assistant general counsel. Ms Carolyn S. Parlato will succeed Mr O'Keeffee as Trans World's assistant general counsel and will be corporate secretary of the corporation's hotel food and real estate subsidiaries. Mr L. Edwin Smart will remain chairman of the TWA board as well as chairman, president and chief executive of Trans World and Mr C. E. Meyer Jr will continue as president and chief executive of TWA.

INTERNATIONAL APPOINTMENTS

● Mr Peter A. K. Bell, vice-president, international sales and and marketing, of the McCulloch Corpn is to head McCULLOCK EUROPE, the Brussels-based manufacturer of chainsaws and other petrol-driven outdoor tools. Mr Mike Bryan becomes European marketing director and Mr Flavio Wettstein European sales director. McCulloch was part of Black and Decker until earlier this year when it was purchased by a group of private investors.

● Mr John B. Zachry III has been appointed vice-president and faculative manager of BAYSIDE MANAGEMENT CO, INC. of California, and its subsidiary company, Bayside Management Co. He was vice-president of RFC Management. Mr John D. Rosinsky has been appointed assistant vice-president and claims manager of both companies; Mr Anthony I. Joseph, to vice-president and senior treaty underwriter and Mr Stephen B. Wessel to casualty manager of Bayside Management Company, Inc.

● Mr Clement J. Livingstone has been appointed chairman of MANAGEMENT CENTRE EUROPE in Brussels and is replaced as managing director by Mr Domenico Fanelli. Mr Fanelli, a U.S. citizen, has been general manager of MCE for the past year.

● Mr Antony E. Aston has been named director and general manager of the SAUDI INVESTMENT BANKING CORPN (SIBC). He comes to SIBC from New York where he had been country risk manager for the international sector of The Chase Manhattan Bank.

● THE NEW YORK MERCANTILE EXCHANGE has appointed Mrs Jan B. Kay as director of marketing. She was director of marketing for Buckeye Pipe Line Co, a division of the Penn Central Corpn.

● GENERAL SIGNAL CORPN has elected Mr Theodore J. Wiedemann to be vice-president and chief financial officer. Mr Edward C. Prellwitz, chief financial officer, has been elected to the new position of vice-president, corporate development. Mr Wiedemann comes to General Signal from Bendix Automation.

● MESA PETROLEUM CO. of Texas has appointed Mr Cyril Wagner, Jr., a director. Mr Wagner is a partner in the oil and gas exploration and production company, Wagner & Brown, Midland, Texas.

● HONDA MOTOR CO has made the following changes: Mr Tadashi Kume, senior managing and representative director, becomes president and representative director; Mr Koichiro Yoshizawa, senior managing and representative director, becomes executive vice-president and representative director; Mr Kiyoshi Kawashima, president and representative director, becomes director and supreme advisor; Mr Soichiro Honda, director and supreme advisor, retires as a director but remains as supreme advisor (a lifetime post); Mr Takeo Fujisawa, director and supreme advisor, retires as a director but remains as supreme advisor.

● Mr Fred Deering, chairman of Security Life of Denver and of Midwestern United, has been elected chairman of LIFE OFFICE MANAGEMENT ASSOCIATION (LOMA) for 1983-84. The new vice-chairman is Mr E. James Morton, president of John Hancock. Mr E. Sydney Jackson, president ManuLife, retires as chairman of the board, but will continue as a LOMA board member.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin. 10⅞ 90	100	93¾	94¼	−0½	−0⅝	11.69
Bk. of Tokyo Hd. 11 90	100	95⅛	95⅝	−0½	−0⅜	12.04
Brit. Col. Hyd. 10⅞ 88	200	97	97½	−0⅛	−0⅜	11.64
Britoil Fin. 11⅞ 90	125	99½	100	−0⅛	−0⅞	11.92
CCCE 11¾ 97	100	93¼	93¾	−0⅜	−0⅜	12.75
CCCE 12¾ 95	75	98¾	99¼	−0½	−0¼	12.78
CIAC 11 90	75	92½	93½	−0⅜	−0⅜	12.60
Citicorp O/S 10¾ 90	100	99	99½	−0¼	−0¼	11.89
Citicorp O/S 11¼ 90	100	97¼	97¾	−0½	−0⅜	12.32
Coca Cola Int. 9⅞ 92	100	91¾	92¼	−0⅜	−0¼	11.37
Cr. Suisse Bah. 10¾ 90	100	†98¾	99¾	−0⅜	0	10.81
Den Norsk Crd. 11½ 93	50	93	93½	−0⅜	−0⅜	12.47
Du Pont 11⅞ 95	150	98⅝	99⅛	−0¼	−0⅜	11.42
ECSC 11⅞ 90	75	99	99½	−0⅜	−0⅜	12.01
EDC 11¾ 87	100	100⅜	100⅞	−0⅜	−0¼	11.54
EDF 11½ 93	100	92⅝	93⅛	−0¼	−0¼	12.41
EEC 11 87	350	98⅜	98⅝	−0¼	−0⅜	11.52
EIB 10⅝ 93	200	91¾	92¼	−0⅜	−1⅛	12.19
EIB 11 91	125	94⅞	95⅜	−0⅜	−0⅜	12.01
EIB 11⅞ 93	150	97⅞	98⅜	−0⅜	−0⅜	12.20
Electrolux 10½ 90	80	91¼	91¾	−0⅜	−0⅜	12.43
Enserch Fin. 11¾ 93	100	96¼	96¾	−0⅜	−0⅜	12.33
Fuji Int. Fin. 10⅞ 90	100	†93	93½	−0½	−1	12.41
Gen. Elec. Credit 0⅞ 91	100	91½	92	−0⅜	−0⅜	11.53
GMAC O/S Fin. 10⅜ 90	200	96⅝	97⅛	−0⅜	−0⅜	11.17
GMAC O/S Fin. 11½ 90	100	98¾	99¼	−0⅜	+0⅛	11.58
Honeywell Int. 10⅝ 90	100	97½	98	−0¼	−0¼	11.23
Ind. Bk. Japan 10⅞ 88	100	96¾	97¼	−0⅜	−0¼	11.73
Japan Air Lines 10⅞ 88	42	92⅝	93⅛	−0⅛	0	11.91
Japan Air Lines 11 93	75	95⅛	95⅝	−0⅜	−0⅛	11.90
J. C. Penney 11⅞ 90	100	100⅛	100⅝	−0⅜	+0⅛	11.76
J. P. Mrgn. 11½ 90 WW	150	97½	98	−0⅜	−0½	11.86
Levi Strauss Int. 11 90	75	98⅛	98⅝	−0½	−0¼	11.73
LTCB 10⅝ 90	100	93¼	93⅞	−0⅜	−0⅜	12.18
LTCB 12½ 90	85	101½	102¼	−0¼	−0⅜	12.02
Merrill Lynch 10⅝ 90	200	94	94½	−0⅜	−0⅜	11.81
Mitsubishi Cpn. 10⅝ 90	100	93⅝	94⅛	−0⅛	−0⅜	11.87
Mitsubishi Fin. 11⅛ 90	100	95⅞	96⅜	−0⅜	−0½	12.23
Nippon Credit 11 90	100	94⅜	94⅞	−0¼	−0⅜	12.21
OKB 10 91	100	90	90½	−0⅛	−0¼	12.02
Ontario Hydro 10⅜ 90	250	93⅞	94⅜	−0⅛	−0⅜	11.55
Ontario Hydro 11⅜ 90	200	100	100½	−0½	−0⅜	11.09
Pacific Gas & El. 12 91	75	101½	102	−0½	−0⅜	11.54
Prudential O/S 10¾ 93	100	95¾	96¼	−0⅛	−0⅜	11.31
Prudential O/S 12¾ 97	150	104¼	104¾	−0⅛	−0⅜	11.30
Sasktchwn. Pr. 10⅞ 90	125	96¼	96¾	−0⅛	−1	11.56
Sears O/S Fin. 11½ 93	150	98	98½	−0⅛	−0¼	11.83
SNCF 11¼ 93	100	96¾	97¼	−0⅜	−0⅜	12.02
S. Cal. Edison 10⅞ 90	75	96⅜	96⅞	−0⅜	−0⅜	11.26
Sumitomo Fin. 10⅞ 90	100	93⅞	94⅜	−0⅜	−0⅜	12.19
Texaco Capital 9¾ 90	150	92¼	92¾	−0½	−0⅜	11.42
UBS 10 88	100	98⅛	98⅝	−0⅜	−0½	10.44
UBS 11 88	150	100⅜	100⅞	−0⅜	−1⅛	10.85
World Bank 10⅜ 88	150	96½	97	−0⅛	−0⅛	11.31
World Bank 11¼ 88	100	98⅝	99⅛	−0½	−0⅛	11.54
World Bank 11½ 90	150	98	98½	−0⅛	−0⅜	11.86
World Bank 12 93	200	99⅝	100⅛	−0⅛	−0½	12.01

Average price changes... On day −0⅛ on week −0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7⅝ 93	100	100⅜	100⅞	+0⅛	−0⅛	7.27
ANAS 8⅛ 88	100	99½	100	0	0	8.30
Arab Bankg. Cpn. 8 88	100	96⅞	97⅜	−0⅛	−0⅜	8.74
Austria Rep. 7⅝ 89	100	100⅛	100⅝	+0⅛	+0⅛	7.53
Austria Rep. 8 93	100	101	101½	0	−0⅛	7.80
Avon Int. Fin. 7½ 93	100	100⅝	101⅛	−0⅛	0	7.36
Beatrice Foods 7¾ 93	150	103⅞	104⅜	+0⅛	+0⅛	7.13
BFCE 8⅛ 90	150	100⅞	101⅜	−0⅛	−0⅛	7.99
Comp. T. N. Esp. 8⅛ 88	100	96⅞	97⅜	+0⅛	−0⅛	8.71
Dresdner Fin. 4 90 WW	250	108	109½	−0⅛	0	2.55
Dresdner Fin. 4 90 XW	250	83⅞	84⅜	0	+0⅛	7.07
ECSC 8 90	180	100⅜	101½	−0⅛	−0⅛	7.79
EEC 8⅛ 93	250	101⅛	101⅝	0	0	8.01
EIB 8 93	200	99⅝	99⅞	−0⅛	−0⅛	8.05
Eurofima 7½ 90	100	101⅝	102⅛	−0⅛	+0⅛	7.10
Finland Rep. 7½ 88	150	99½	100	−0½	+0⅛	7.55
Int. Standard Ele. 7¾ 93	100	102⅜	102⅞	−0⅛	+0⅛	7.30
Ireland 8⅝ 91	150	100⅞	101⅜	−0⅛	−0½	8.46
Japan Devt. Bk. 7½ 90	100	101⅛	101⅝	0	+0⅛	7.22
Kobe City 7 93	120	97¼	97¾	0	0	7.38
LTCB 8 90	100	102⅜	102⅞	−0⅛	−0⅛	7.53
Renault Acceptnce. 8 90	150	98⅛	98⅝	−0⅛	+0⅛	8.31
SOR France 7¾ 93	100	97⅜	97⅞	+0⅛	+0⅛	8.23
S. African Tran. 8⅛ 90	100	98⅞	99⅜	0	−0⅛	8.39
World Bank 7½ 90	250	97⅞	98⅜	−0½	−0⅛	7.86
World Bank 7⅞ 89	300	100½	101⅛	−0⅛	+0⅛	7.67

Average price changes... On day −0⅛ on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bank of Tokyo 6 91	100	102½	102¾	+0¼	+0⅛	5.57
Bergen, City of 5⅝ 90	40	99½	99¾	−0⅛	+1	5.79
Denmark 6⅛ 91	100	101½	101¾	−0½	0	6.10
EDC 5⅝ 91	100	100	100¼	+0⅛	−0⅛	5.56
EEC 6 93	100	101	101¼	−0⅛	+0⅛	5.85
Europarat 6⅛ 93	100	98¼	98½	−0⅛	−0⅛	6.35
Ex.-Im. Bk. Jap. 5¾ 91	100	96½	96¾	−0⅛	−0⅛	9.85
Ind. Fd. Finland 6⅝ 91	40	101¾	102	+0⅛	+1	5.84
Int.-Am. Dev. Bk. 6 93	100	97⅝	97⅞	0	−0⅛	6.38
Int.-Am. Dv. Bk. 6⅛ 93	100	99½	99¾	0	+0½	6.17
Japan Dev. Bank 5⅞ 93	100	101	101¼	−0⅛	−0⅛	0.72
Kansai Elec. Pwr. 6 91	100	101	101¼	0	−0½	5.81
Kawasaki Steel 6⅛ 91	100	100½	100¾	0	0	6.01
Manitoba Prov. 6½ 93	100	100⅛	100½	−0⅛	0	6.45
Montreal Urban 5¾ 93	100	101	101¼	0	+0⅛	5.59
Mount Isa Fin. 6 93	100	102½	102¾	+0¼	+0⅛	5.84
Mt. Bk. Denmark 6⅛ 91	30	97¼	97½	+0⅛	+1⅛	6.71
New Brunswick 5¾ 93	100	101¼	101½	−0⅛	+0⅛	5.57
Nisshin Steel 6⅛ 91	100	99¾	100	0	0	6.26
Osterr. Draukraft 6 93	100	102¾	103	+0⅛	+0¼	9.00
Osterr. Post 6⅛ 91	100	102	102¼	−0⅛	−0⅛	5.77
Sumitomo Hvy. I. 6 91	100	99¾	100	0	+0⅛	6.02
Sumitomo M. Ind. 6 91	100	100	100¼	0	0	0.97
Tokyo Elec. Pwr. 5⅞ 91	100	101	101¼	0	0	5.69
Trizec Corpn. 6⅛ 93	100	98¼	98½	0	−0⅛	6.35
World Bank 5⅝ 93	100	98¾	99	0	+0⅛	6.78

Average price changes... On day 0 on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 92	15	105	105½	0	+0¼	7.79
EIB 8⅛ 92	15	102⅜	103⅛	0	+0½	7.73
Japan Airlines 7⅝ 87	9	†101⅝	102⅛	0	−0⅛	7.16
New Zealand 7⅝ 89	15	102⅜	102⅞	0	+0⅛	7.08
World Bank 8⅛ 92	20	103⅝	104⅛	0	+0⅛	7.66

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Farm Credit 12½ 90 C$	75	†99⅝	99⅞	0	+0⅛	12.32
Norcen 12½ 93 C$	60	†96⅜	97⅛	0	+0⅛	13.29
TD Mt. Cpn. 12½ 88 C$	40	†100⅝	100⅞	0	0	12.30
Quebec Hyd. 12¾ 99 C$	50	†100⅜	101⅛	0	+0⅛	12.58
Royal Trstco. 12¾ 88 C$	50	†100⅛	100⅝	0	+0⅛	12.48
World Bank 12⅛ 90 C$	75	†100½	101	0	+0⅛	12.08
Xerox Canada 12 88 C$	40	†102⅛	102⅝	0	+0⅛	11.31
EEC 11¾ 93 ECU	70	100⅜	100⅞	−0⅛	−0⅛	11.17
Genfinance 11 90 ECU	60	98⅛	98⅝	0	0	11.26
Algemene Bk. 8⅛ 88 Fl	150	100⅛	100⅝	−0⅛	−0⅛	8.60
Bk. Mees Hope 8 88 Fl	75	100⅛	101	−0⅛	−0⅛	8.79
Elec. Sup. Bd. 8⅛ 88 Fl	75	97⅛	98	0	0	9.35
PHP 8⅛ 88 Fl	50	99⅛	100⅛	−0⅛	−0⅛	8.73
Sw. Ex. Cred. 7⅝ 88 Fl	100	95⅝	96⅛	−0⅛	−0⅛	8.83
World Bank 8 88 Fl	100	102	102½	−0⅛	−0⅛	8.40
OKB 14 86 FFr	400	100⅛	101⅛	0	+0⅛	13.30
Solvay et C. 14¾ 88 FFr	200	101⅛	102⅛	0	+0⅛	13.53
BFCE 11⅛ 88 £	50	98⅛	98⅞	0	+0½	11.60
British Oxyg. 11¾ 91 £	50	100⅛	100⅞	0	−0⅛	11.61
CEPME 11¾ 95 £	35	†99⅞	100⅜	0	+0⅛	11.27
Ciba-Geigy Int. 6⅛ 93 £	25	90	90½	+0⅛	+0⅛	0.98
EEC 11⅞ 91 £	50	100⅛	101⅛	0	+0⅛	11.64
EEC 11⅞ 93 £	80	100⅛	101⅛	+0⅛	−0⅛	11.67
Fin. for Ind. 10⅝ 90 £	20	94⅝	95⅛	−0⅛	−0⅛	11.63
Finland Rep. 11⅝ 88 £	30	99⅝	100⅛	0	+0⅛	11.78
F. Mat. Oranj. 12⅛ 92 £	30	104	104½	+0⅛	+1	11.81
Gen. Elec. Co. 12⅛ 88 £	50	103⅛	104⅛	+0⅛	+0⅛	11.48
III 10⅝ 93 £	25	94⅝	95⅛	0	−0⅛	11.64
Mort. Bk. Fin. 11⅞ 88 £	15	97⅞	98⅞	0	+0⅛	12.32
Norsk Hydro 12 90 £	50	102⅛	102⅞	0	+0⅛	11.39
Sweden 11⅞ 93 £	30	97⅛	98⅛	−0⅛	+0⅛	11.61
Sw. Ex. Cred. 11¾ 88 £	30	97⅞	98⅜	0	+0⅛	11.72
World Bank 11½ 88 £	100	98⅜	99	0	+0⅛	11.49
Euratom 11 93 LuxFr	500	102⅛	103⅛	+0⅛	+0⅛	10.48
Europarat 10⅝ 93 LuxFr	600	102⅛	103⅛	0	0	10.24

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BFCE 0⅛ 88	0⅛	99¾	100	20/1	10.18	10.19
Caisse Nat. Tele. 5⅛ 90	0⅛	98⅛	98½	21/4	10	10.04
CCF 0⅛ 95	0⅛	99⅛	99⅝	7/4	9.94	9.97
CCF 0⅛ 98	0⅛	99⅞	100⅛	24/3	10.19	10.19
CEPME 5⅛ 98 WW	0⅛	99⅛	100⅛	3/12	10.56	10.56
CEPME 5⅛ 92	0⅛	99⅛	100⅛	10/12	10⅛	10.60
Chemical NY 5⅛ 94	‡0⅛	100⅛	100⅛	23/12	10	9.94
CNCA 5⅛ 95 XW	0⅛	99⅛	99⅝	7/12	10	10.05
CNT 5⅛ 91	0⅛	99⅛	99⅝	6/11	9⅛	9.30
Credit Agricole 5⅛ 97	0⅛	99⅛	99⅝	24/3	10.31	10.34
Credit Foncier 5⅛ 93	0⅛	99⅛	99⅝	6/4	10	10.03
Credit Lyonnais 5⅛ 94	0⅛	99⅛	99⅝	5/1	10.31	10.35
Credit Lyonnais 0⅛ 97	0⅛	99⅛	99⅝	1/4	10	10.04
Credit Nat. 5⅛ 94	0⅛	99⅛	99⅝	9/3	10⅛	10.78
Denmark 5⅛ 90	0⅛	99⅛	99⅝	13/4	10	10.08
Dresdner F. 5⅛ 93 WW	0⅛	*107⅛	107⅝	19/4	9.94	9.34
Dresdner F. 5⅛ 93 XW	0⅛	100⅛	100⅝	19/4	9.94	9.91
EDF 5⅛ 95 XW	0⅛	100	100⅛	10/2	11⅛	11.36
EEC 5 90	0⅛	100	100⅛	0/1	10.19	10.17
Hispano 5⅛ 90	0⅛	99⅛	99⅝	20/4	10	10.15
NZ Steel Dev. 5⅛ 92	0⅛	100	100⅛	22/12	10⅛	10.22
Nippon Credit 5⅛ 90	0⅛	100⅛	100⅝	10/2	11⅛	11.19
Societe Gen. 5⅛ 90 XW	0⅛	98⅛	98⅝	9/11	9⅛	9.16
Societe Generale 0⅛ 95	0⅛	99⅞	100	1/3	10.31	10.32
Sweden 5⅛ 89	0⅛	100	100⅛	26/2	10.19	10.18
Sweden 5⅛ 93	0⅛	100⅛	100⅝	3/2	11.19	11.13

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 6⅛ 90	3/82	470	122⅞	124⅛	−0⅛	1.91
Canon 7 87	7/82	748.2	216	217	−1⅛	16.82
Daiwa Sec. Co. 5⅛ 96	10/83	508	97⅛	98⅛	0	4.47
Hitachi Cable 6⅛ 90	2/82	515	107⅛	108⅛	+0⅛	10.56
Honda Motor 0⅛ 90	6/83	984	117⅛	118⅛	−0⅛	0.76
Honda Motor 5⅛ 97	3/83	799.6	136⅛	137⅛	−1⅛	−0.37
Koninklijke Ph. 4 98	10/83	573	98	99	−1⅛	1.42
Kyowa Hakko 6⅛ 97	2/83	762	108⅛	111	−1⅛	10.60
Minebea Co. 5⅛ 98	6/83	857	113⅛	114⅛	−1⅛	3.49
Mitsubishi Elec. 5⅛ 98	6/83	396	110⅞	111⅞	−0⅛	3.64
Nippon Electric 6⅛ 97	2/82	768.9	180⅛	185⅛	+0⅛	3.60
Nippon Oil Co. 5⅛ 98	4/83	984	117	118	−1⅛	4.95
Nissan Motor 5⅛ 98	4/83	770	101⅛	102⅛	−1⅛	9.04
Olympus Optic. 6⅛ 97	12/82	1351	100⅛	102⅛	+0⅛	24.17
Orient Finance 5⅛ 97	3/82	927.2	97	98⅛	+0⅛	12.25
Orient Leasing 6⅛ 98	6/83	2680	93⅛	94⅛	−0⅛	6.32
Secom 8 98	11/83	2920	126⅛	127⅛	−1⅛	−1.59
Sumitomo Elec. 5⅛ 97	3/82	577.3	120⅛	121⅛	−2⅛	2.64
Yamaichi Sec. Co. 5 98	8/83	472	96⅛	98⅛	0	4.32
Yamanouchi Ph. 4 90	10/83	1608	96⅛	96⅛	−0⅛	0.78
NEC Con. 3⅛ 93 SwFr	6/83	978	139⅛	141⅛	+1⅛	0.17
Settsu Ppr. 3⅛ 93 SwFr	6/83	719	101⅛	103⅛	−0⅛	10.30
Asics 5 92 DM	12/83	520	106⅛	107⅛	−0⅛	16.79
Konishiroku 6⅛ 88 DM	6/82	616	118	120⅛	−0⅛	−1.62
Sum Realty 6⅛ 92 DM	2/83	366	122⅛	123⅛	−0⅛	−4.76

EUROBOND TURNOVER

(nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week	10,326.9	10,163.6
Previous week	6,246.0	12,033.0
Other bonds		
Last week	1,271.5	1,094.3
Previous week	1,247.5	750.0

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg.day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Blyth, Eastman, Paine, Webber International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiwa Europe NV; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nomura International; Orion Royal Bank; Robert Fleming and Co.; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on November 4

هكذا من الأصل

UK COMPANY NEWS

RECENT ISSUES

VW issue to aid Thermax deal

FOLLOWING shareholders' approval last Friday, the prospectus is now published for the offer for sale by tender of 4.75m shares in V. W. Thermax at a minimum price of 100p each. The issue is part of a package for V.W. to acquire Thermax, a manufacturer of specialised glass components for £5.75m.

The shares of V.W., a small metal fabricator, engineer and tool maker, were suspended on the USM last June at 70p each. The company joined the USM in late 1981 with a placing of 1.17m shares at 62p each. Last May the company reported its first ever loss in 64 years. For 1982, there was an attributable loss of £159,779 against a £629,550 surplus.

The purchase consideration for Thermax of £5.75m shares is being covered by the issue of 5.75m shares. The vendors will retain 2m with the balance forming the lion's share of today's offer for sale. The other 1m shares up for sale represents new equity to provide additional working capital and cover the expenses of the issue.

Mr Mark Watson-Mitchell, and Mr Barry Hersh, control 1,392,601 shares between them in VW under option arrangements which were exercised last month.

For the year ended June 30, 1983 Thermax made profits before tax and extraordinary items of £1.07m. Its net assets were £1.83m.

Bankers to the issue are Singer & Friedlander, and brokers are L. Messel.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Associated British Foods, British Investment Trust, Continental and Industrial Trust, Electrocomponents, Ferguson Industrial, KCA International, Munford and White, Tysons (Contractors), John Waddington.

Finals:— Bridport-Gundry, Lucas Industries, Shaw and Marvin, W. A. Tyzack.

FUTURE DATES

Interims:—

Allied-Lyons	Nov. 29
Boots	Nov. 24
Davin (Godfrey)	Nov. 15
Ericsson (Telefonaktiebolaget LM)	Nov. 21
Fidelity	Nov. 8
Henderson Administration	Nov. 30
Hill Samuel	Nov. 9
L.C.P.	Nov. 17
Mountview Estates	Nov. 15
Finals:—	
Bellway	Nov. 8

Singapore Para lower

Singapore Para Rubber Estates, which produces natural rubber and oil palm in West Malaysia made pre-tax profits of £112,799 in the year to March 31 1983 compared with £154,258 previously.

Turnover amounted to £664,162 (£633,051) and tax took £56,300 (£77,750). With earnings per 5p share given as 0.54p (0.78p) the dividend is being cut from 0.6p to 0.4p net. In the year ended 1982 there was an extraordinary credit of £12,622.

The comparative figures have been adjusted to take account of SSAP 20 and as a result 1982 pre-tax profits have been reduced by £47,894.

FINANCIAL TIMES STOCK INDICES

	Nov. 4	Nov. 3	Nov. 2	Nov. 1	Oct. 31	Oct. 28	1983 High	1983 Low	Since Compilatn High	Since Compilatn Low
Government Secs.	82.02	82.24	82.22	82.34	82.07	81.70	83.60	77.00	127.4	49.18
Fixed Interest	86.08	85.17	85.15	85.13	84.86	86.15	86.17	79.03	150.4	50.53
Industrial Ord	718.3	714.7	707.8	706.2	705.1	691.1	740.4	598.4	740.4	42.4
Gold Mines	484.8	466.2	477.9	444.6	461.3	475.8	734.7	444.6	734.7	43.5
FT-Act. All-Share	447.12	444.42	440.02	438.24	437.38	431.09	465.74	382.22	465.74	61.92

Whittall on board of London and Liverpool

London and Liverpool Trust, which owns Telejector, the pub video distributor, has appointed Mr Astley Whittall as a director and non-executive chairman of the group.

Mr Whittall is non-executive chairman of BSG International the automotive components and accessories company; chairman of Ransomes Sims and Jefferies, the agricultural equipment manufacturer; and a director of APV Holdings, which makes processing and heat transfer equipment.

Mr Jeffrey Bonas will remain as London and Liverpool's chief executive.

After reaching a high of 350p last February, the group's share price has fallen steadily amid widespread criticism of Telejector's marketing arrangements. Last Friday, the shares ended down 2p at 53p.

In the year to March 31, the group reported a rise in pre-tax profits from £1.09m to £7.2m on a turnover of £41.6m.

Fleming Far East

The net asset value per 25p share of the Fleming Far Eastern Investment Trust rose by 15.2 per cent from 220.7p, at March 31 1983, to 254.3p as at September 30. For the comparable six-month period the value was 151p.

A total of 74 per cent of the company's assets are now invested in Japan and, say the directors, it seems appropriate to compare the nav with a rise of 11.9 per cent for the Tokyo Stock Exchange index, adjusted into sterling.

The major switch out of UK investments into Japan, where dividend yields are signicantly lower, is primarily responsible for a fall in first-half gross revenue from £2.32m to £1.22m.

A breakdown of gross revenue shows: franked investment income £100,058 (£1.62m); unfranked investment income £1.07m (£480,565); deposit interest and underwriting £56,923 (£217,224).

After management expenses £117,828 (£117,466), interest £157,170 (£18,500), and tax £470,976 (£778,620), net revenue was £477,080 (£1.35m).

Profit increase seen at Adwest

THE CURRENT year at Adwest Group, automotive, electrical, engineering concern, was progressing well, Mr F. V. Waller, chairman, told members at the annual meeting.

He had said in his annual review that directors had thought profits for the year would go ahead of the previous 12 months, "and I now wish to confirm that all the indications substantiate this."

He stated at the meeting that order input, sales and profits were ahead and that the group's financial position continued to improve.

For the year ended June 30 1983 taxable profits amounted to £6.84m, compared with £5.97m.

At other annual meetings chairmen reported as follows:

Park Place Investments—Mr M. R. Frankel was confident that the optimism of his annual accounts statement supported by the scrip issue was well founded, and he looked forward to a year of great progress.

The commercial side of computer and allied keyboard training subsidiary, Key Holdings had met its sales budgets, as had the publishing division, for the first quarter.

Sales of general book titles and of the retail operation were slightly ahead of budget, while the first quarter performance of Wayland was likely to be in line with expectations. The first three months, however, of the instalment credit division advances, "have run rather below budget," Mr Frankel stated.

Parker Knoll (furniture, carpet manufacturer) — Mr M. H. T. Jourdan stated that during the first quarter of the current year profit had increased largely as a result of reducing losses at subsidiary, Nathan Furniture.

He added, however, that the seasonal increase in demand for furnishings had not yet fully materialised and so, at this stage, he found it difficult to take a view of the likely outcome for the year as a whole.

For the year ended July 31 1983 pre-tax profits amounted to £3.1m (£2m).

SHARE STAKES

Intasun Leisure Group—M Prio has sold 1m shares and reduced his stake to 2.36m shares (4.6 per cent).

Tomkinsons—On May 18 last, National Westminster Jersey Trust Company notified that there were registered in the account 145,000 ordinary (5.04 per cent). Beneficial owner of the shares registered in that account is Save and Prosper UK Growth Fund and at October 20 the interest was 172,500 shares.

Taddale Investment — Associates of Taddale have sold 200,000 ordinary shares at 35p per share.

Sheraton Securities—Mr N. N. Tucker, a director, has sold 500,000 ordinary shares. Mr Tucker's total interest is 2.47m of which 1m are beneficial and 1.47m are non-beneficial. His total interests in loan stock are £144,300, all beneficial.

Moorside Trust—Sun Life Assurance has sold 1.38m ordinary, reducing its holding to 1.5m shares (7.7 per cent).

Crouch Group—As a result of recent purchases, Prowting Holdings together with a subsidiary now has a declarable interest of 410,000 ordinary shares in Crouch equal to 10.25 per cent.

A. J. Worthington (Holdings) —The beneficial holding (including family interests) of Mr S. G. Worthington has been reduced to nil following the sale of 184,000 (9.2 per cent) shares at 25p per share. Michael Hartland Investing has acquired 13.47 per cent of the ordinary shares.

Centrovincial Estates — Mr Joseph Gold, a director, has disposed of 25,000 ordinary shares and now holds 1,803,658 shares (11.5 per cent).

Ambros Investment Capital— Courtaulds CIF nominees has acquired 435,000 capital shares (12.08 per cent).

Fall to £333,000 by Clyde Blowers

Pre-tax profits at Clyde Blowers, manufacturer of steam and soot blowing equipment, was down from £458,107 to £332,875 in the year to March 31 1983. At halfway, profits had fallen from £245,253 to £97,621.

Group turnover for the year was also down from £4.42m to £3.96m. Operating profits were £173,725 (£353,808); investment income totalled £115,893 (£104,299) and there was an exceptional gain of £43,257 this time on exchange. Tax for the year was £113,301 (£205,615), leaving attributable profits at £219,574 (£252,492).

The final dividend is increased from 5.37315p to 5.99315p for a total up from 6.2p net to 6.82p. Earnings per 25p share were lower at 21.96p against 25.25p.

El Oro Exploration

Excluding the associated company's results first half profits before tax of the Exploration Company increased by £363,998 to £508,581.

Its associate the El Oro and Exploration Company recorded an advance in profits to £424,578 against £120,350 during the same six months to June 30 1983.

Exploration's net surplus for the period was £273,060 (£94,438) after tax of £235,521 (£50,145). Earnings per 5p stock unit are given as 2.26p compared with 0.78p.

For 1982 pre-tax profits were £759,890 and earnings were 3.68p. Group assets, taking investments at market value are given as £14.94m

Share Information

The following securities have been added to the share Information Service:

Amco Industrial Holdings (Section: Buildings); Belgrave (Blackheath) (Engineering); Flextech (Trusts, Finance, Land); Freshbake Foods Group (Foods, Groceries, etc.); Lockheed Corporation (Americans).

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—
Brasway, All Saints Road, Wednesbury, 12.00
Gripperrods, Blatchford Road, Horsham, Sussex, 11.30
Raglan Property Trust, Ironmongers Hall, Aldersgate Street, Barbican, EC, 11.00

BOARD MEETINGS—
Finals:
Bridport-Gundry
Lucas Inds
Shaw and Marvin
Tyzack (W. A.)
Interims:
Assoc British Foods
British Inv Tst
Continental and Ind Tst
Electrocomponents
Ferguson Ind
KCA Intnl
Munford and White
Tysons (Contractors)
Waddington (John)

DIVIDEND & INTEREST PAYMENTS—
APV 45p
BBA 10pcDb 1989-94 5pc
BLMC 7¼pcLn 1982-87 3⅝pc
Bank of Scotland 11.5p
Blue Circle 10¼pcDb 1994-99 5⅛pc
Bowater 3.5pc
Brixton Estate 1.9p
Burroughs 65cts
Cowie (T.) 10pcLn 1979-74 5pc
DRG 3p
Datastream 1.8p
Investments NV Fltg Rate Notes C 1987 $48.11
Midland Bank 11p
Minerals and Resources 16 cts
Morrison (Wm.) Supermarkets 0.5p
North British Can. Invest. 1.0p
Petaling Tin Berhad 70 cts
Thorn EMI 5pcLn 2004-09 2½pc. 7½pcLn 1989-92 3¾pc. 7¾pcLn 2004-09 3⅞pc. 6⅞pcLn 1089-94 4¼pc
Trade Indemnity 2.365p
VW 1p
Westpool Invest Trust 0.894p

TOMORROW

COMPANY MEETINGS—
Link House Publications, Royal Bath Hotel, Bath Road, Bournemouth, 12.00
Macklow (A. and J.), Chamber of Industry and Commerce, 75 Harbourne Road, Edgbaston, Birmingham, 3.00
Staffordshire Potteries, North Stafford Hotel, Station Road, Stoke-on-Trent, 12.30

BOARD MEETINGS—
Finals:
Beazer (C. H.)
London and Provincial Shop Centres
Ynrrow
Interims:
Allnatt London Props
Ambrose Inv Tst
Anglo American Coal

DIVIDEND & INTEREST PAYMENTS—
Bemrose 4.4p
Common Bros. 1p
Raglan Property Trust D.075p
Tioxide 11½pcLn 1991-96 5¾pc

WEDNESDAY NOVEMBER 9

COMPANY MEETINGS—
Christy Bros., Kings Road, Chelmsford Essex, 12.00
Home Farm Products, 58-64 Campo Lane Sheffield, 12.00
Humberside Electronic Controls, 211, Piccadilly, W, 11.00
Scholes (George H.), Wylex Works, Wythenshawe, Manchester, 12.00
Stewart Plastics, Purley Way, Croydon, 11.00

BOARD MEETINGS—
Finals:
Bellway
Jessups
Smith Inds
"W" Ribbons
Wemyss Inv Tst
Interims:
Chubb
Churchbury Estates
Electra Inv Tst
External Inv Tst
Feeder Agricultural Inds
Fidelity
Futura
Great Portland Estates
Hill Samuel
Linread
Sainsbury (J.)
Seccombe Marshall and Campion
Slingsby (H. C.)
Witan Inv

DIVIDEND & INTEREST PAYMENTS—
Assoc. British Ports 3p
Bancomer SA Fltg Rate Notes 1986-90 $233.18
CA Cavendes Sociedad Financiera Fltg Rate Dep due 1986 $28.59
Christiania Bank OG Kreditkasse Fltg Rate Notes 1991 $27.05
Fletcher Challenge 8.5cts. New 2.85cts
Home Farm Products 2.1p
Kansallis-Osake-Pankki Fltg Rate Notes 1992 $466.39
Marsh and McLennan 55cts
Nichols (J. N.) (Vimto) 6.5p
Oilfield Inspection Services 1.1p
Southwark Group 6¾pc 1983-86 3⅜pc
Staffordshire Potteries 0.01p
Stewart Plastics 1.3639p

THURSDAY NOVEMBER 10

COMPANY MEETINGS—
City of Aberdeen Land Assoc., 21 Cardee Place, Aberdeen, 9.15
Danks Gowerton, Chamber of Industry and Commerce, 75 Harbourne Road, Edgbaston, Birmingham, 12.00

British-Borneo Petroleum Syndicate
Capital Gearing Tst
Elswick-Hopper
Holyrood Rubber
Kuala Selangor Rubber
Staveley Inds
Valor
Whittington Engineering

DIVIDEND & INTEREST PAYMENTS—
American Express 32cts
Bracken Mines 37cts
Bridon 1.2p
British Empire Sec and General Trust 0.7p
Exchequer 10½pc 1988 5¼pc
Finlay Packaging 0.756
Garfunkels Restaurants 6.66p
HB Electronic Components 0.42p
Honda Motor Y6
IDC 1.81p
Kinross Mines 109cts
Leslie Gold Mines 30cts
London Shop Property Trust 4.25p
Shell Transport and Trading (Reg) 10.3p. (Br) 10.3p
Tor Invest Trust 7p. Cap 1.05p
Tronoh Mines Malaysia 4.28265p
Unisel Gold Mines 62cts
Winkelhaak Mines 225cts

FRIDAY NOVEMBER 11

COMPANY MEETINGS—
Chambers and Fargus, 189-197 Wincolmlee, Hull, 12.00
Westminster and Country Props, Norden House, Basing View, Basingstoke, Hampshire, 12.00

BOARD MEETINGS—
Finals:
Barton Transport
Interims:
Bulgin (A. F.)
Personal Assets Tst
Platignum

DIVIDEND & INTEREST PAYMENTS—
Aberdeen Trust 4pcDb 1979-84 2pc
Alliance Trust 3½pcDb 1875-85 1¾pc. 4½pcDb after 15/5/56 2¼pc
American Trust 6¼pcDb 1982-87 3⅛pc
Armstrong Equipment 0.1p
Arncliffe 1.12p
Ash and Lacy 8p
Biddle 2.4p
British Vita 2.9p
City of Aberdeen Land Assoc 10.25p
Coleman Milne 0.6p
Cray Electronics 1.32p
Dundee Corpn Gas 3½pcDb 1¾pc. Police 3½pcDb 1¾pc. Water 3½pcDb 1¾pc
Edinburgh American Assets Trust 5pcDb (1955 or after) 2½pc
English Assoc 2p
Fogarty 1.6p
Glasgow Corpn 3½pcIrrd 1¾pc. Gas 6¾pc Ann (Perp) 3⅜pc. Gas 9pcAnn (Perp) 4½pc. Waterworks Funded Debt 3¼pc 1⅝pc. Waterworks Funded Debt 4pc 2pc
Globe and Phoenix Gold Mining 1.25p
Grant (James) (East) 6½pc1stDb 1981-84 3¼pc
Hall Eng 3.41p
Hamlyn Angus Milling 5pcDb 1957-97 2½pc
Highcroft Invest Trust 1.4p
Investors Capital Trust 4pcDb 2pc
Laporte 4p
Macallan-Glenlivet 2.25p
Macdonald Martin Distilleries A 3p. B 1.5p
Minty 2p
Rotaprint 0.1p
Sandhurst Marketing 0.555p
Scottish Eastern Invest Trust 4pcDb 2pc 4pcDb 2pc

RECENT ISSUES

Issue price	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
§10	F.P.	7/10	24	20½	✠A. & M. Hire 10p	22½	+1	b0.1	11.1	0.6	14.2
¶180	F.P.	22/11	118	103	✠Acorn Computer 1p	115	+5	—	—	—	27.4
¶230	F.P.	2/11	300	237	Atlantic C'mp'ters10p	300	.....	b8.25	6.2	1.1	15.9
¶435	200	10/2	220	186	Brit. Petroleum	196	.....	20.25	1.2	6.7	12.1
800	F.P.	—	220	175	††Bryson Oil & Gas20p	220	+20	—	—	—	—
¶105	F.P.	28/10	108	107	Coin Inds. 10p	107	.....	3.3	9.4	4.4	13.5
§60	F.P.	28/10	95	73	✠DJSecurityAl'ms10p	90	.....	t2.1	b3.8	5.3	11.2
§75	F.P.	18/12	84	78	✠Edinb'gh Fd.Man 5p	84	.....	bg1.8	5.8	3.1	16.4
97	F.P.	30/11	107	97	Europ'n Assets DFl. 1	106	.....	aQ10%	1.0	2.1	—
‖	F.P.	—	305	300	FAI Insurance 50 cts.	300	.....	Q34%	4.0	3.4	7.3
§‖277	F.P.	25/11	66	62	✠Flogas 10p	65	+1	uQ55.8%	3.8	3.8	10.5
§91	F.P.	25/11	91	84	✠Imtec Group 10p	84	−1	u2.1	5.5	5.3	12.7
§ 45	F.P.	25/11	46	44	✠Laidlaw Group 10p	46	.....	b2.5	2.6	7.9	5.4
§220	F.P.	—	255	253	Logica 10p	230	+2	u1.0	6.9	0.6	28.7
—	F.P.	11/11	35	31	Lon. Midland IndD'fd	35	+2	—	—	—	—
§65	F.P.	31/10	75	68	✠Mainmet Hldgs 10p	72	.....	—	—	—	78.5
¶285	F.P.	25/11	310	293	OxfordInstruments5p	305	.....	b1.0	6.3	0.5	31.2
§150	F.P.	4/11	161	158	✠PCT Group 10p	158	.....	b4.8	2.1	4.4	14.7
§85	F.P.	—	105	103	✠Peters (Michael)	103	.....	u1.79	1.7	2.5	33.3
—	F.P.	—	£16¼	£10¼	Rohr Inds. Inc. US$1.00	£19¼	.....	—	—	—	—
185	F.P.	11/11	234	214	Telmatrix 5p	216	.....	b1.4	5.5	0.9	28.4
100	F.P.	26/11	100	87	Tottenham Hotspur	98	−2	b4.0	1.0	5.0	10.6
§IR64	F.P.	9/12	183	178	✠Woodchstrlnv.IR20p	178	.....	Q12.3%	4.1	1.7	15.4

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price	+ or −
88.096	£23	25/11	28	90	Allied-Lyons 11¾% Deb 2005	87¼	−¼
95.756	£26	16/2	27	83¾	Australia 11⅛ pc. Ln. 2015.	26⅛	−⅛
100	£10	8/1	15	11½	Bristol Waterworks 3.5% Red. Prf. 1988	15	.....
99.714	£30	—	30⅛	30	Int. Bk. for Rec. & Dev. 11.5% Ln. 2003	30⅛	.....
87.268	£25	23/1	27¼	83	Ireland 10⅛% 2008	97¼	.....
¶100p	25p	0/15	33¼p	93p	LASMO 5⅝% Cum Red Pref	33p	+¼
‖	Nil	10/11	3½pm	½pm	Lon. Shop Prop. 5pc Cnv. 94/99 Ser II.	3½pm	.....
—	F.P.	—	100⅛	99⅞	Nationwide 10⅛% Bds. 6/10/84	100⅛	+⅛
—	F.P.	—	100⅛	100	" 10¼% Bds. 5/11/84	100⅛	+⅛
¶100	£10	3/5	12	15	Sund'ld+S.ShieldsWtr6½pcRPF.1089	15	.....
¶100	F.P.	17/11	102	101¾	York Waterworks 8.75pc Red. Prf. 1988	101¾	.....

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1983 High	1983 Low	Stock	Closing price	+ or −
7	Nil	—	13/18	1¾pm	¾pm	Amal. Estates 5p	1½pm	+¾
IR36	F.P.	—	—	61	42	Aran Energy 20p	58	+8
58	Nil	—	10/18	6pm	6pm	Arrow Chemicals	8pm	.....
75	Nil	—	—	3pm	1½pm	Britannia Arrow	3pm	.....
25	F.P.	—	30/11	27	24	C. H. Industrials 10p	58	.....
82	Nil	—	9/12	4pm	3pm	Cartwright (R.) 10p	4pm	.....
50	P.P.	—	11/11	51	47	✠Colman Milne 10p	47	−3
660	Nil	—	11/11	70pm	65pm	✠Continental Microwave	68pm	.....
*310	Nil	—	—	51pm	20pm	F.&C. Enterprise Units 10p	51pm	+1
30	Nil	—	5/12	4pm	3pm	✠Inn Leisure 5p	4pm	+1
20	F.P.	—	16/11	32	37	Inter-City Inv. 20p	40½	+½
273	Nil	—	11/11	46pm	30pm	Lex Service	45pm	+5
120	F.P.	7/11	6/18	147	157	MFI Furniture 10 p	147	.....
11	P.P.	—	65/11	45	16	✠Parkfield Foundries 5p	42	.....
210	P.P.	—	11/11	245	225	Utd. Newspapers	242	.....
85	Nil	—	4/1	7pm	3pm	Ward White	5½pm	.....
‖	Nil	—	—	108	93	Western Mining Options	102	.....

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ● Figures or report awaited. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. †† Dealt in under Rule 163 (3). ✠ Unlisted Securities Market. *Comprising of 10 New ordinary plus 1 Series 8 Warrant.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year
A.E.	Dec 18	Final 0.8
ⁿAkroyd and Smithers	Nov 17	Final 10.0
Allied Irish Banks	Nov 8	Interim 4.5
ⁿAllied Lyons	Nov 29	Interim 2.2
ⁿAllnatt London Properties	Nov 8	Interim 1.0
*Amersham International	Nov 22	Interim due
ⁿAnglo American Corpn SA	Nov 8	Interim 35c
*Assoc British Foods	Nov 7	Interim 1.5
Assoc Leisure	Nov 30	Interim 2.0
Assoc Paper Industries	Dec 16	Final 2.6
*ANZ	Nov 21	Final 14 cents
*Avon Rubber	Dec 7	Final nil
BOC	Dec 8	Final 3.14
*BPB Industs	Nov 30	Interim 5.0
Baker Perkins	Dec 7	Interim 2.1
*Bank of Ireland	Nov 10	Interim 8.0
*Bass	Dec 8	Final 7.44
*Beecham	Nov 30	Interim 4.1
*Boots	Nov 24	Interim 3.5
Brengreen	Nov 22	Interim 0.5
Brit & Cmmnwlth Shipping	Nov 11	Interim 7.0
Brockhouse	Nov 25	Final 0.1
Brown (Matthew)	Dec 6	Final 5.55
ⁿBurnett and Hallamshire	Nov 24	Interim 8.0
Burton	Nov 23	Final 5.25
Cable and Wireless	Dec 14	Interim 3.2
Capital and Counties	Dec 1	Interim 1.2
Cariess Capel	Dec 7	Interim 1.0
Carr (J.) Doncaster	Nov 29	Final 1.3
Charter Consolidated	Nov 30	Interim 3.75
Coalite	Dec 7	Interim 1.55
Comet	Nov 24	Final 2.93
Common Bros	Nov 22	Final nil
Courtaulds	Nov 25	Interim 1.0
*Davis (Godfroy)	Nov 15	Interim 1.5
Dawson International	Dec 1	Interim 2.2
Dee Corpn	Dec 14	Interim 8.0
*De La Rue	Nov 8	Interim 8.6
Distillers	Dec 16	Interim 4.5
*Electrocmpts	Nov 7	Interim 1.0
*Elliott (B.)	Nov 17	Interim nil
English China Clays	Dec 16	Final 5.2
Extel	Nov 25	Interim 2.5
*Ferguson Industrial	Nov 7	Interim 2.2
Ferranti	Dec 6	Interim 1.8
Fine Art Devs	Dec 1	Interim 1.1
*French Kier	Nov 24	Interim 1.25
GEC	Dec 3	Interim 1.0
ⁿGreat Portland Estates	Nov 8	Interim 1.0
GUS	Dec 9	Interim 5.0
Greenall Whitley	Dec 9	Final 1.986
Hall (Matthew)	Dec 6	Interim 1.195
*Hambros	Nov 21	Interim 15.15
Hanson Trust	Dec 8	Final 3.5
Hanimere Estates	Dec 16	Interim 1.8
*HAT Group	Nov 21	Interim 1.5
*Heath (C. E.)	Nov 22	Interim 5.0
Hinton (A.)	Nov 23	Interim 2.4
IC Gas	Dec 7	Interim 3.0
Intasun Leisure	Dec 14	Interim 1.4
Int'l Paint	Nov 15	Final 2.0
*Int'l Signal and Control	Nov 15	Interim due
*Johnson Matthey	Nov 23	Interim 3.0
*Kwik Save	Nov 17	Final 3.4
LRC Intl	Nov 29	Interim 1.05
*Land Securities	Nov 14	Interim 3.0
London and Liverpool Tst	Nov 16	Interim 1.5
Lond Merchant Securities	Dec 16	Interim 0.5
*Lucas Industs	Nov 7	Final 6.0
Marshalls Halifax	Nov 29	Interim 1.0
*Metal Box	Nov 22	Interim 5.04
*MEPC	Nov 30	Final 5.25
Meyer International	Dec 14	Interim 1.5
*National Bank Australia	Nov 10	Final 12 cents
Norcros	Dec 13	Interim 2.08
Northern Foods	Dec 14	Final 3.75
Pauls and Whites	Dec 2	Interim 2.5
Pegler-Hattersley	Dec 8	Interim 4.0
*Pilkington Bros	Dec 7	Interim 5.0
Polly Peck	Nov 25	Final 9.0
Powell Duffryn	Nov 25	Interim 4.7
RHM	Dec 7	Final 2.333
RHP	Dec 9	Final 2.0
RIT & Nrthn	Nov 16	Interim 2.0
Rediffusion	Nov 28	Interim 1.25
*Redland	Nov 24	Interim 2.94
Renold	Nov 25	Interim nil
Rothmans International	Dec 8	Interim 1.3
Royal Bank of Scotland	Dec 2	Final 3.9
Saatchi and Saatchi	Dec 8	Final 5.2
ⁿSainsbury (J.)	Nov 9	Interim 1.9
Scapa	Dec 2	Interim 3.0
*600 Group	Dec 1	Interim 2.34
*Sketchley	Nov 14	Interim 3.6
*Smiths Inds	Nov 8	Final 7.0
Smith (W. H.)	Nov 17	Interim 1.75
*Staveley Industries	Nov 10	Interim 4.5
Sterling Guarantee	Dec 6	Interim 0.25
Tecnismit	Dec 7	Interim 0.8
*Tesco Stores	Nov 15	Interim 1.25
Trafalgar House	Dec 6	Final 3.7
Unigate	Dec 16	Interim 2.5
*Unilever	Nov 15	Interim 8.96
*Unilever NV	Nov 15	Int Fl 2.664
*Valor	Nov 10	Interim 0.934
Vaux Breweries	Dec 16	Final 5.5
Wrd and Goldstone	Dec 10	Interim 1.0
Wedgwood	Nov 25	Interim 1.75
Westland	Dec 8	Final 4.75
Whessoe	Dec 16	Final 3.0
*Whitbread	Nov 8	Interim 1.85
Whitecroft	Dec 13	Interim 1.4
Wolverhampton & Dudley Brws	Dec 7	Final 4.25

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

Copies of this prospectus, having attached thereto the documents specified herein, have been delivered to the Registrar of Companies for registration.

The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects, and that there are no other material facts the omission of which would make misleading any statement herein, whether of fact or of opinion. All the Directors accept responsibility accordingly.

No application has been made to the Council of The Stock Exchange for the grant of permission to deal in the Ordinary shares of the Company in the Unlisted Securities Market or for these securities to be admitted to listing. The Ordinary shares of the Company will be traded on an over-the-counter market conducted by Afcor Investments Limited and other companies licensed to deal in securities.

These securities are speculative and your attention is drawn to paragraph XII of this document which describes the risks associated with their purchase.

SENETEK PLC

(Registered in England No. 1759068)

Offer for Sale of 2,574,400 Ordinary shares of 5p each at 59p per share by AFCOR INVESTMENTS LIMITED

SHARE CAPITAL

Authorised	20,000,000	Ordinary shares of 5p each	£1,000,000
Issued and to be issued	3,367,200	Ordinary shares of 5p each fully paid	£168,360
	632,800	Ordinary shares of 5p each 2.5p paid	£15,820
	4,000,000		£184,180

The Directors are aware that firm applications will be made for 800,000 Ordinary shares which will be allotted in full

INDEBTEDNESS

At the close of business on 21st October, 1983, the Company had no bank indebtedness outstanding, and no other indebtedness. At that date, the Company had no loan capital (including term loans) outstanding, or created but unissued, or any outstanding mortgages, charges or other borrowings, or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments or guarantees or other material contingent liabilities.

THE PROCEDURE FOR APPLICATION, AND AN APPLICATION FORM ARE AT THE END OF THIS DOCUMENT.

Directors
SIR HANS LEO KORNBERG, M.A., D.SC., SC.D., PH.D., F.R.S. *(Chairman)*
Master's Lodge, Christ's College, Cambridge CB2 3BU
BRIAN FREDERIC CARL CLARK, SC.D., PH.D., M.A.
Casper Møllersvej 3, 8240 Risskov, Denmark
DANIEL GRAFSTEIN (U.S.A.), PH.D., M.S. *(Managing Director)*
19 Catalpa Road, Convent Station,
New Jersey 07961, New Jersey, U.S.A.
THE HON. ARTHUR MAXWELL STAMP, M.A.
Mulberry Green Farmhouse, Copford, Essex CO6 1DJ
EDGAR WILLIAM IRWIN PALAMOUNTAIN, M.A.
Duns Tew Manor, Oxford OX5 4JP
WILLIAM KISTLER III (U.S.A.) B.A.
1040 Fifth Avenue, New York 10028, New York, U.S.A.

Secretary and Registered Office
PAUL ANTHONY LOGAN, F.C.A., A.C.M.A.
8 Buckingham Place, London SW1E 6HX

Issuing House
AFCOR INVESTMENTS LIMITED, Licensed Dealer in Securities
20 Southampton Place, London WC1A 2BQ

Auditors and Reporting Accountants
PEAT, MARWICK, MITCHELL & Co.
1 Puddle Dock, Blackfriars, London EC4V 3PD

Solicitors in the U.K.:
CLIFFORD-TURNER
Blackfriars House, 19 New Bridge Street, London EC4V 6BY

Advocates in Denmark:
STORM MORTENSEN
Rådhuspladsen 1, 8000 Aarhus C, Denmark

U.K. Patent Agents:
BROOKES & MARTIN
High Holborn House, 52/54 High Holborn, London WC1V 6SE

U.S. Patent Counsel:
FITCH, EVEN, TABIN & FLANNERY
Suite 900, 135 South La Salle Street, Chicago, Illinois 60603

Bankers:
COUTTS & Co.
15 Lombard Street,
London EC3V 9AU
and
DEN DANSKE BANK
Nørreport Afdeling, Nørreport 28,
8000 Aarhus C, Denmark

Receiving Bankers:
BANK OF SCOTLAND
New Issue Department, 38 Threadneedle Street, London EC2P 2EH

Registrars and Transfer Office:
W. H. STENTIFORD & Co.
Woodland House, Collingham Road, Witham, Essex CM8 2TS

INTRODUCTION

I

Senetek PLC ("the Company") has been formed to exploit commercially the products which may arise as a result of research in the field of molecular biology such as that currently being conducted by Professor Clark, primarily at the University of Aarhus in Denmark. This research is being directed to new concepts in relation to both symptoms and diseases characteristic of the ageing process, to certain genetic mechanisms, and to the development of widely applicable diagnostic systems for protein identification. Furthermore, the Company will be using recombinant deoxyribonucleic acid ("DNA") techniques as well as other molecular biological procedures in order to evolve a range of products of commercial interest, such as diagnostic procedures which make possible the quantitative analysis of a complete spectrum of hormones, enzymes and other proteins (collectively referred to as "proteins"), simple diagnostics for specified proteins, and products for the treatment of premature senescence. Part of the proceeds of the Offer for Sale will therefore necessarily be earmarked for the development of a marketing strategy for such products.

The human life span is finite, and if uninterrupted by extraneous factors such as disease, is governed by the natural ageing process. This life span has been shown to be of the order of 90 to 100 years and with improvements in living conditions and advances in medical science, an increased proportion of people have been able to reach this limit. With longevity there increases also the incidence and the duration of the conditions associated with senescence. It is for this reason that the development of certain highly promising research areas associated with diagnosis, prevention and treatment offers such potentially rewarding prospects, and it is on such development that the activities of the Company will concentrate over the medium term.

HISTORY AND BACKGROUND

II

Modern molecular biology has its origins in the discovery of the structure of the DNA molecule by Francis Crick and James Watson at Cambridge in 1953. Since that time, the field has expanded rapidly, particularly following fundamental breakthroughs in the science during the last decade. One of the most significant developments in the science has been the successful creation and preservation of bacteria which contain human genetic material. Such bacteria can be induced to produce human proteins, for example, insulin, interferon and growth hormones, for the treatment of disease. This has stimulated major research and development programmes which in turn have opened up areas of potential commercial activity attracting capital investment throughout the world.

Current estimates of the world market potential for biotechnology, have been published by the Commission of the European Community XII – FAST Bio-Society Document No. COM 83-328/2 and show substantial growth over the remainder of this decade. For example Business Communications Co. Inc. estimate that the current world market of approximately US$60m will grow to around US$13bn by the end of the decade.

The Company's objectives are to research and develop particular products which are designed to diagnose and/or alleviate diseases related to senescence, together with a broader range of specific diagnostic applications with a view to producing and commercially exploiting these products. It proposes to do this initially by entering into agreements with the University of Aarhus and subsequently with other universities and research organisations.

REASONS FOR THE OFFER

III

Through the Offer, the Company is raising finance to undertake an initial programme of research and commercial development. The net proceeds will be sufficient to finance the forecast expenditure of the Company for a minimum of two years from the date of the Offer.

PRODUCT BACKGROUND AND DEVELOPMENT

IV

At present, many specific diseases are believed to be associated with ageing in man. These include various forms of diabetes, mental disorder, deficiencies in enzyme and hormone production, and defective genetic repair mechanisms. There is growing evidence that the functional decline associated with senescence is under genetic control and directed by relatively few genes. Recently, some apparently important clues to the mechanism by which organisms change upon ageing were detected. Researchers in the U.S.A. noted that the activity of a particular protein changes with the age of cells. This protein, called an elongation factor is present in relatively large amounts in protein-producing cells of all mammals, and is responsible for catalysing a key step in the synthesis of protein products according to a gene-encoded message. It is believed that the identification and isolation of such a protein and the ability to "map" these changes could lead to important diagnostic and therapeutic techniques in the identification and treatment of senescence related diseases. The planned research will attempt to isolate, purify and make available a sufficient quantity of key proteins such as elongation factors for the orderly research and development of these potential diagnostic and therapeutic tools.

Using some newly refined analytical techniques, Professor Clark and his colleagues have been able to show that the elongation factor itself undergoes compositional change under different cellular growth conditions. It is the correlation of compositional change to a reduction in enzyme activity in mammals of different age which has important implications for the mechanism of ageing. The Division of Biostructural Chemistry at Aarhus is in the forefront of this new technology and these new analytical techniques.

Professor Clark's group has refined two novel protein analytical techniques which the Board believes to be appropriate for commercial development. The first, which was developed in Europe by Drs. Celis and Bravo in Aarhus, is called protein spectroscopy, and promises a complete separation and quantitative estimation of all proteins in a cell. At any given stage of its development a living cell may contain approximately 2500 different kinds of protein. Through protein spectroscopy any change in concentration or composition may be detected. Potential applications of this technique include early warning of organ damage, malfunction or disease. The new technology has the potential to determine which gene products are associated with disease and actually to "map" cellular proteins from ill patients to enable accurate prognosis and treatment. The second analytical technique in development is designed to be specific for a given protein and is potentially a rapid, low-cost method for measuring the concentration of any specific protein in the presence of a multiplicity of other proteins in a medium. For example, protein specific diagnostic systems might be developed for estimating interferon, insulin or growth hormone levels. Such diagnostics could prove extremely valuable to medical practitioners and research workers.

It is believed by the Board that these analytical techniques are at a stage of development such that there exists the potential for commercial application in the near future.

The long-term implications are that elongation factors could become important tools in the understanding and control of diseases and related symptoms arising as a result of premature senescence.

PATENTS

V

The Company's plans are to establish, where possible, basic patent protection in senescence technology and in protein diagnostics, and to develop a portfolio of patented products. For this purpose, it intends to utilise the services of U.K. patent agents and U.S. patent counsel for the necessary research and protection of its projected patent portfolio.

MARKETING PLANS

VI

It is the intention of the Board, at the appropriate time, to recruit a Marketing Director who will be a member of the Board and to whom a maximum of 520,000 Ordinary shares in the Company's capital will be issued and allotted for cash at par credited as fully paid (see Appendix III paragraph 3 (B)). His duties will include the assessment of product opportunities and market research activities designed to cover a detailed assessment of the size of the market and its penetration by existing and potential competition. Additionally, he will be responsible for assessing the impact of local regulations appertaining to testing and approval of the Company's products.

In connection with the commercial exploitation of the Company's products, it is intended to seek associates by way of joint venture agreements which may encompass marketing, distribution, sub-contract manufacturing, and also patent licensing where this is considered to be appropriate.

DIRECTORS AND MANAGEMENT

VII

DIRECTORS

The Board exercises overall management control of the Company. It will also approve research projects recommended by the Scientific and Technical Committee and will authorise budgets to be implemented by the Finance and Administrative Committee.

SIR HANS KORNBERG, aged 55, is the Chairman of the Company. His principal area of scientific interest is in energy transformations in living matter and in particular the transport of sugars across cell membranes. These studies include extensive use of recombinant DNA technology. Sir Hans is a member of the Agricultural Research Council and a Governor of the Centre for Policy on Ageing. He is the Sir William Dunn Professor of Biochemistry, Cambridge University and Master of Christ's College, Cambridge.

PROFESSOR CLARK, aged 47, is an internationally recognised figure in the field of molecular biology and, in particular, is currently an active participant in the principal European organisations within this area. He was a member of the scientific staff of the British Medical Research Council's Laboratory of Molecular Biology in Cambridge, where the genetic mechanisms for protein synthesis were unravelled. He is Professor of the Division of Biostructural Chemistry at the University of Aarhus, Denmark, which he established in 1974. Recently his research group observed that an essential intermediate step in protein synthesis was potentially associated with the cellular mechanism of ageing.

DR. GRAFSTEIN, aged 55, has considerable experience in science and high-technology management. He served as Manager of Applied Research at Exxon Research and Engineering Co. from 1969-81. During that time, Dr. Grafstein was also a visiting scientist at the University of Rochester, where he directed Exxon's participation in the multi-million dollar laser fusion project. In the last few years Dr. Grafstein has focused his personal research interests on molecular biology, and has lectured internationally on the subject.

THE HONOURABLE A. M. STAMP, aged 68, is a distinguished economist and banker, whose wide range of responsibilities has included being Director of the European Department of the International Monetary Fund, an Adviser to the Governors of the Bank of England, a Director of Hill Samuel & Co. Limited and the De La Rue Company Limited. Currently, Maxwell Stamp is a member of the Court of the London School of Economics and of the Panel of Conciliators, International Centre for Investment Disputes.

MR. PALAMOUNTAIN, aged 65, is a director and consultant to a number of companies. He is Chairman of the Council of the University of Buckingham, Director of the Esmée Fairbairn Trust, a Patron of the Institute of Economic Affairs, a Governor of the National Institute of Economic and Social research and a director of the Adam Smith Institute. He was formerly Chairman of the M&G unit trust and life assurance group and of the Unit Trust Association, and has for many years been Chairman of the Wider Share Ownership Council.

MR. KISTLER, aged 46, has worked in the research and investment departments of Merrill Lynch, and William D. Witter (Investment Bankers), both of New York, after leaving Stanford University. From 1968 to the present time he has held the position of Managing Partner of Kistler Investment Co., a privately held company in New York with investment interests in a range of private and public companies in diverse areas including advanced technology, energy and energy service companies and consumer products.

The Board will be assisted in the management of the Company by two Committees, made up partly of Board members and also of outside consultants who are specialists in their field.

SCIENTIFIC AND TECHNICAL COMMITTEE

This Committee will review research and development proposals formulated from internal sources, including members of the Committee itself and from external organisations. In the event of approval of any given project, a plan of implementation will thereupon be prepared by Dr. Grafstein in liaison with the Finance and Administrative Committee and presented to the Board for approval.

The members of the Scientific and Technical Committee and their fields of expertise are:

PROFESSOR CLARK, *Chairman*,
Division of Biostructural Chemistry, Aarhus University.
Molecular mechanism of ageing, three-dimensional structure and function of macromolecular components of protein biosynthesis.

PROFESSOR FRIEDRICH CRAMER,
Director, Division of Chemistry, Max Planck Institute for Experimental Medicine, Göttingen.
Molecular mechanism of ageing, chemistry of nucleic acids, errors in protein biosynthesis.

PROFESSOR ALLAN FERSHT, F.R.S.,
Department of Chemistry, Imperial College of Science and Technology, London.
Accuracy of DNA replication and protein synthesis, site-directed mutagenesis for controlling enzyme activity.

DR. AARON KLUG, F.R.S., Nobel Laureate for Chemistry 1982,
Peterhouse College, Cambridge. Structural analysis of biologically important macromolecular complexes such as viruses, chromatin, and chromosomes.

DR. EIKO OHTSUKA,
Department of Pharmaceutical Sciences, University of Osaka.
Synthesis of RNA and DNA, expression of artificial genes.

PROFESSOR MORTEN SIMONSEN, Dr. Med.
Medical Faculty, Department of Experimental Immunology, University of Copenhagen.
Cellular immunology, major histocompatibility complex in phylogenetic perspective, transplantation immunology.

FINANCE AND ADMINISTRATIVE COMMITTEE

This Committee will exercise financial control by taking responsibility for the implementation of the budget as laid down by the Board and will comprise:

Mr. Stamp, *Chairman*
Mr. Palamountain
Mr. Kistler
Dr. Grafstein
Mr. Logan

PREMISES AND FACILITIES

VIII

Professor Clark and his associates have available to them, to carry out their research programmes, comprehensive facilities and capital equipment (referred to more specifically in Appendix I) at the University of Aarhus. Access to these facilities and services will be facilitated by means of grants from the Company to the University.

It is intended that office accommodation of some 1000 sq. ft. will be acquired in premises adjacent to the University, in order to provide a focal point for the Company's activities, and to maintain established connections in Denmark.

PROSPECTS

IX

The objective of the Company is to undertake an initial programme of research and commercial development.

The Board believes that it is unlikely that profits will be generated during the initial two-year programme, and it is not anticipated that any dividends will be declared during this period.

The Board is of the opinion that sufficient funds will be available from the Offer to cover the budgeted expenditure for the first two-year phase of the Company's operations. In the event of a potential major successful development being identified during the first phase the Board may seek further finance to advance the project. Additionally the Board may wish to extend the first phase programme should successful research indicate promising potential.

The Board intends to adopt a flexible approach to the Company's research programme and projects may well have to be discontinued whenever the economic potential appears to be uncertain or where the time scale is likely to be unacceptably long.

The current rapid developments taking place in molecular biology are likely to generate profitable opportunities for innovation and invention. Apart from diverse medical applications, the Board is aware of considerable interest by chemical and petrochemical companies in applying this new science to the production of speciality chemicals, liquid oxygenates from synthesis gas or olefins, fixation of nitrogen, and generally for making better catalysts which will permit processes (which would otherwise require high temperatures, high pressures and substantial capital investment) to be accomplished by low-cost equipment at ambient temperatures and pressures.

It will be the Company's initial intention to pursue the application of the technology, particularly the proprietary diagnostic devices, but eventually to apply this technology to a broader spectrum of opportunities, with the ultimate objective of developing the Company into a major force in the field of molecular biology.

TRANSFERABILITY OF SHARES

X

There is at present no intention to seek a listing for the Company's shares in the Official List of The Stock Exchange, or for the Company's share capital to be dealt in on the Unlisted Securities Market. When a sufficient range of fully researched products becomes available for commercial exploitation, the Directors may make an appropriate application, for the shares to be dealt in on the Unlisted Securities Market. In the meantime Afcor Investments Limited ("Afcor") will maintain an over-the-counter market in the shares. During this preliminary stage the Directors intend to comply, insofar as is applicable, with The Stock Exchange's Model Code for Securities Transactions by Directors of Listed Companies and with the City Code on Take-overs and Mergers.

WORKING CAPITAL

XI

Taking into account the net proceeds of the Offer, the Directors consider that the Company will have sufficient working capital for its initial two-year phase of the Company's operations, as outlined in the Reasons for the Offer *(page 5)*.

RISK FACTORS

XII

The Board consider that any products successfully developed by the Company will be of broad application with strong commercial potential. A group of eminently qualified scientists has been appointed to advise in product research. The successful outcome of the venture is, however, dependent upon certain risk factors. The principal factors in the opinion of the Board are set out below:

1. The direction and drive behind the Company's research and development programme for the next two years rests with Professor Clark and Dr. Grafstein, without whom it is unlikely that the Company could attain its planned programmes in the time scale envisaged. The Company has taken steps to secure their services by entering into a consultancy and a service agreement respectively (see Appendix III paragraphs 11(C) and (E)); they are both holders of Ordinary shares in the Company (see Appendix III paragraph 3(A)); and "key-man" insurance policies will be purchased by the Company on the lives of both of these individuals.

2. Despite the Company's access to leading expertise in the field, there remains a risk that the research financed by the Company could prove unproductive.

3. It will be the Board's policy to seek specialist advice on questions of patentability, but the protection afforded by patents in this field can be limited.

4. The Company's success will depend not only on the evolution of commercially acceptable products but also upon their approval by the necessary regulatory bodies.

APPENDIX I

THE TECHNOLOGY

SENESCENCE

There is intensive interest and research in endeavouring to understand and control diseases and symptoms which appear to have an important influence on the premature ageing process.

At the University of Aarhus, ageing is studied using the mouse because it has a relatively short normal life span, and furthermore pure bred strains are maintained at the University, which is an international centre for mouse genetics.

The usual focus for research in senescence is on the cell and its genetic mechanism. When isolated and grown in culture, human embryo cells from tissues such as skin show a finite lifetime. When a group of normal human embryo cells reach the end of their ability to proliferate, they do not suddenly stop dividing. Rather, the time necessary for doubling increases and the population approaches a limit of 50 doublings (Hayflick, 1961). Professor Clark's group has decided on a radically different approach to make the studies more realistic. Their main concern is the study of ageing in whole organs and then to repeat the effects to investigate them further at the basic molecular level in cultured cells.

A protein, elongation factor 1 α, is a component of the cellular machinery which produces proteins on the basis of the genetic code. It forms a complex with aminoacylated tRNA (transfer ribonucleic acid) and a co-factor GTP (guanosine triphosphate), in order to protect the ester linkage between the amino-acid and tRNA. This complex is transported to and binds to the ribosome, which facilitates the actual decoding and peptide bond formation. If the anticodon on tRNA and the message codon on the mRNA (messenger RNA) at the ribosome site are complementary, the aminoacylated tRNA is complexed to the ribosome and the elongation factor is released for recycling with the hydrolysis of GTP.

Professor Clark and his colleagues have been able to show that the elongation factor itself undergoes compositional change under different cellular growth conditions. The primary change has been shown to be an increasing substitution of protein hydrogen by methyl groups. It is the correlation of compositional change to a reduction in enzyme activity in mammals of different age which has important implications for the mechanism of ageing. The Division of Biostructural Chemistry at Aarhus is at the forefront of this new technology and these new analytical techniques.

The monitoring of changes occurring in proteins such as elongation factor 1 α, and their correlation to the degenerative effects of senescence should provide a significant tool for further research into the understanding, control and treatment of those diseases associated with premature ageing.

DIAGNOSTICS

There are currently two techniques planned for development. The first, protein spectroscopy, is based on two-dimensional gel electrophoresis. In this technique isoelectric focusing is used to separate neutral and acidic proteins; basic proteins are separated by a parallel non-equilibrium pH gradient electrophoresis. After the first dimensions have been run, each separated sample is applied to an identical polyacrylamide gel to provide a second dimension of electrophoretic separation. Researchers at Aarhus University have refined this technique so that it has much improved stability and higher resolving power.

In the second technique, enzymes and other proteins may be immobilised by binding to a polymeric substrate. This combination has the potential for application as an analytical reagent and as a medium for chromatographic separation, e.g. of antibodies. A key issue is that the chemistry which binds the protein to the substrate must not impair biological functionality. Another issue is the stability of the system and its potential for re-use and recycle.

FACILITIES AND EQUIPMENT

Major equipment housed in the Institute of Chemistry at the University of Aarhus includes a number of optical spectrophotometers covering the spectral range from the infra-red through the visible to the ultra-violet, magnetic resonance spectrometers, x-ray diffractometers, and a mass spectrometer. Specialised laboratory equipment includes high-pressure chromatography, several ultracentrifuges, automatic titrators, polarimeters and apparatus for cell culture. The laboratories contain various instruments including scintillation counters, zoom microscopes, electrophoresis and lyophilyser apparatus and an assortment of smaller devices. Structural studies are greatly assisted by the Department's VAX 11/780 and PDP 11/44 computer systems, and a planned Evans and Sutherland PS300 computer graphics system. In addition the Institute has excellent library facilities.

APPENDIX II

FINANCIAL INFORMATION

1. ACCOUNTANTS' REPORT

The Directors,
Senetek PLC,
4th November 1983

Dear Sirs,

We report that your Company was incorporated on 5th October 1983. There have been no transactions other than certain issues of Ordinary shares referred to in Appendix III of the prospectus of Senetek PLC dated 4th November 1983. The Company has not yet commenced trading. No audited accounts have been made up by the Company, nor have any dividends been declared or paid.

Yours faithfully,
PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

2. EXPENDITURE FORECAST

The total expenditure by the Company for the period of two years ending 31st October 1985 is forecast by the Directors to be not more than £1,574,000 excluding issue costs of £315,000. The forecast has been based on the Directors' estimate of projected expenditure and of no significant income being derived from products developed during the two years ending 31st October 1985.

(i) ASSUMPTIONS

The following are the principal assumptions underlying the forecast. Your attention is drawn to the risks associated with the forecast, which are set out in paragraph XII of this document.

(a) Manpower and equipment appropriate to the initial two-year research programme will be made available at the University of Aarhus or another University.

(b) There will be no significant events which would cause either Professor Clark or Dr. Grafstein to postpone or abandon their research and development programmes during the next two years.

(ii) LETTERS

The following are copies of letters which have been received by the Directors relating to the expenditure forecast for the two years ending 31st October 1985:

The Directors,
Senetek PLC,

The Directors,
Afcor Investments Limited.

1 Puddle Dock,
Blackfriars,
London, EC4V 3PD.
4th November 1983

Dear Sirs,

We have reviewed the assumptions and calculations for the expenditure forecast for Senetek PLC, for which the Directors are solely responsible, for the two years ending 31st October 1985, as set out in Appendix II of the Prospectus of Senetek PLC dated 4th November 1983.

We draw your attention to the risks associated with the forecast which are set out in paragraph XII of the Prospectus dated 4th November 1983 and to the letter from Afcor Investments Limited, a copy of which is set out in Appendix II of the Prospectus.

In our opinion the expenditure forecast, for which the Directors are solely responsible, has been properly compiled, so far as assumptions and calculations are concerned, on the basis of the assumptions made by the Board.

Yours faithfully,
PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants.

The Directors,
Senetek PLC,

20 Southampton Place,
London, WC1A 2BQ.
4th November 1983

Dear Sirs,

We have discussed with you and with Peat, Marwick, Mitchell & Co. the expenditure forecast of Senetek PLC for the two years ending 31st October 1985 together with the assumptions on which it is based, set out in the Prospectus attached. We draw your attention to the risks associated with the forecast, which are set out in paragraph XII of the Prospectus.

We consider that the expenditure forecast, for which the Directors are solely responsible, has been made after due and careful enquiry.

Yours faithfully,
For Afcor Investments Limited
A. W. Bradshaw
Director

THE WEEK IN THE COURTS

When common sense and the law come into conflict

OUGHT the law to be based on common sense? Should it be riddled with fine distinction which arouse euphoria in lawyers but cause confusion among laymen?

These simple questions are not always easy to answer. Nevertheless, every citizen should consider them occasionally. Recent decisions make them as pertinent, topical and perplexing as ever.

Take, for example, the case of *Balsamo v Medici and Morris*. Mr Balsamo was a collector of vintage cars. He sold one of them, a 1937 Fraser-Nash BMW328, at an auction in London. He made Mr Medici, a car dealer, responsible for transporting it from Italy to England for the sale and for handling the cheque for the proceeds of sale to a Mr Zecchi. Mrs Zecchi was Mr Balsamo's mother-in-law and had a bank account in London. He told Mr Medici her telephone number.

Mr Medici in turn asked a friend, Mr Morris, to be responsible for handling the cheque to Mrs Zecchi. Mr Morris did not know who Mrs Zecchi was or anything at all about Mr Balsamo. Ha collected the cheque but forgot Mrs Zecchi's telephone number. A person claiming to be Mrs Zecchi got in touch with him, and made arrangements for tha cheque to be collected by a man called "Julian." In the event, the cheque went neither to Mrs Zecchi nor to Mr Balsamo but to an imposter.

Mr Justice Walton decided that Mr Balsamo had no claim against Mr Morris either in the law of contract or in the law of torts. He had no claim in contract because there was no contractual relationship between them. Mr Morris was not a party to any contractual arrangements between Mr Balsamo and Mr Medici even though he had become responsible for performing part of them.

Essential

Nor, according to Mr Justice Walton, had Mr Balsamo any claim against Mr Morris in tort. The tort of negligence involved not merely proof of negligent conduct by defendant. It was also essential for a plaintiff to satisfy a court that the defendant owed him a legal duty of care. To impose on Mr Morris a legal duty of care towards Mr Balsamo would, according to Mr Justice Walton, come "perilously close to abrogating completely the concept of privity of contract." Mr Justice Walton therefore concluded that Mr Morris owed Mr Balsamo no legal duty of care.

Does this decision reflect the dictates of common sense? Is the concept of "privity of contract" some kind of juristic sacred cow essential to the proper administration of justice?

Take, next, the case of the *President of the Methodist Conference v Parfitt*. The Court of Appeal decided unanimously that an industrial tribunal had no jurisdiction to try any proceedings for unfair dismissal brought by a former methodist minister. A majority in the industrial tribunal and in the Employment Appeal Tribunal had each ruled that the tribunal had jurisdiction; in each instance, the majority consisted of the lay members and the dissenting minority consisted of the legally qualified chairman.

The crucial issue was whether Mr Parfitt, as a Methodist minister, was working under a contract of employment. The lay members of the Industrial Tribunal and the Employment Appeal Tribunal ruled that he was.

They relied on various matters. One was that in his capacity as a minister ha agreed to abide by the conditions laid down in the Constitutional Practice and Discipline of the Methodist Church (the CPD). The other was that as a minister he was bound by the rules of the church and subject to its discipline and therefore under a high degree of control by the Methodist Conference. Yet another was that the provision in the CPD was consistent with Mr Parfitt's employment being under a contract of service.

Other matters which influenced the majority in the Employment Appeal Tribunal were that for purposes of national insurance contributions, deduction of income tax at source under Schedule E and the existence of a compulsory superannuation scheme, Mr Parfitt, as a minister, was treated as an employed person.

Functions

The Court of Appeal, like the chairmen of the Industrial Tribunal and the Employment Appeal Tribunal, ruled that because of the essentially spiritual nature of his work, Mr Parfitt as a Methodist minister was not an employee.

It decided that because of his spiritual position and functions, the minister was in a very different legal position from a secretary or caretaker working for the Methodist Church.

This employment was not governed by any document specifically designed and designated as a service contract or any form of written or printed offer and acceptance containing clauses about his stipend or manse.

The Court of Appeal decided that, in the absence of clear indications to the contrary in any relevant document, the relationship between a church and a minister of religion was not regulated by a contract of service.

Whose rulings in this case conform with common sense? The lay members' or the lawyers?

Should religious activity be a bar to any remedy in an industrial tribunal? Should a minister of religion be regarded as not employed by those who pay him? Should the law refrain from granting him the security of tenure of his house which under current legislation is available for other activities?

Distinctions, which to some laymen seem fine, occur not only in civil but also in criminal law, in which ordinary people, as magistrates or jurors, play a prominent part.

The Prevention of Crime Act 1953 prohibits the carrying in any public place of any offensive weapon without lawful authority or reasonable excuse. The Act does not specifically name or categorise any articla as offensive, not even a flick knife.

In some situations, therefore, it must be decided as a matter of fact on the evidence whether a particular item is, in the circumstances, an offensive weapon. This is a matter for a jury.

In other circumstances it must be ruled as a matter of law whether a particular item is intrinsically an offensive weapon, and this is a matter for a judge.

Concealed

In *Regina v Simpson*, the Court of Appeal ruled that a flick knife came into the category of weapons offensive *per se*. This was because it was plainly designed by the manufacturer to be carried conveniently concealed in hand or pocket and to be brought into use with the minimum of delay to the assailant and of warning to the victim.

The jury is no longer entitled to decide for itself whether a flick knife is an offensive weapon. But according to the Court of Appeal it can still decide this issue when tha knife is a sheath knife.

Does one law for the flick and another for the sheath knife commend itself to common sense?

Justinian

BASE LENDING RATES

A.B.N. Bank	9 %	Heritabla & Gen. Trust	9 %
Allied Irish Bank	9 %	■ Hill Samnel §	9 %
Amro Bank	9 %	C. Hoare & Co. †	9 %
Henry Anshacher	9 %	Hongkong & Shanghai	9 %
Arbuthnot Latham	9 %	Kingsnorth Trust Ltd.	10 %
Armco Trust Ltd.	9 %	Knowsley & Co. Ltd.	9½%
Associates Cap. Corp.	9½%	Lloyds Bank	9 %
Baoco de Bilbao	9 %	Mallinhall Limited	9 %
Bank Hapoalim BM	9 %	Edward Manson & Co.	10 %
BCCI	9 %	Meghraj and Sons Ltd.	9 %
Bank of Ireland	9 %	Midland Bank	9 %
Bank Leumi (UK) plc	9 %	■ Morgan Grenfell	9 %
Bank of Cyprus	9 %	Netional Bk. of Kuwait	9 %
Bank of Scotland	◻9 %	Natiooal Girobank	9 %
Banque Belge Ltd.	9 %	National Westminster	9 %
Banque du Rhone	10 %	Norwich Geo. Tst.	9 %
Barclays Bank	9 %	R. Raphael & Sons	9 %
Beneficial Trust Ltd.	10 %	P. S. Refson & Co.	9 %
Bremar Holdings Ltd.	9 %	Roxburghe Guarantee	9½%
Brit. Bank of Mid. East	9 %	Royal Trust Co. Canada	9 %
■ Brown Shipley	9½%	Standard Chartered ‖	9 %
CL Bank Nederland	9 %	Trade Dev. Bank	9 %
Caneda Perm't Trust	10 %	TCB	9 %
Castle Court Trust Ltd.	9½%	Trustee Savings Bank	9 %
Cayzer Ltd.	9 %	United Bank of Kuwait	9 %
Cedar Holdings	9 %	United Mizrahi Bank	9 %
■ Charterhouse Japhet	9 %	Volkskas Intnl. Ltd.	9 %
Choulartons	10½%	Westpac Banking Corp.	9 %
Citibank Savings ¶	10½%	Whiteaway Laidlaw	9½%
Clydesdale Bank	9 %	Williams & Glyn's	9 %
C. E. Coates	9½%	Wintrust Secs. Ltd.	9 %
Comm. Bk. of N. East	9 %	Yorkshire Bank	9 %
Consolidated Credits	9 %		
Co-operative Bank *	9 %		
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahoo	9 %		
■ Hambros Bank	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%. 1-month 5.75%. Short-term £8,000/12 months 8.1%.
† 7-day deposits on sums of: under £10,000 5½%. £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.
◻ Money Market Cheque Account—8.80%. Effective annual rate—9.16%.

Closing prices November 4

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

B—B—B

C—C—C

D—D—D

E—E—E

F—F—F

G—G—G

H—H—H

I—I—I

J—J—J

K—K—K

L—L—L

M—M—M

N—N—N

Continued on Page 25

هكذا من الأصل

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices November 4

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
22¾	8⅞	AAV	.32	2.0	12	2	16	16	16	
4¼	3	AICPh				5	3⅜	3	3	−⅛
6⅝	1⅞	ATI				140	2	1⅞	2	−⅛
12¼	2⅞	AcmePr			8	9	6	5⅞	5⅞	+⅛
19½	11⅞	AcmU	s.32	2.4	15	35	13¼	13⅛	13½	
14½	3⅞	Action	s		6	177	11¼	10⅞	11⅛	−¼
12	8½	Actons		11	15. 31	129	6⅞	6½	6½	−⅛
6½	1½	Acton	wt			40	2⅛	2½	2⅛	−⅛
8	1⅞	AdmRs				7	4	4	4	
30⅞	17⅛	AdRusl	s.10	.4	14	702	23	22	22¼	−¾
28⅞	14⅞	Adobe	.24	1.2	13	40	20	19½	19½	−⅛
6⅝	2	AeglaCp			15	128	4	3⅞	3⅞	−⅛
7	4	Aeronca			7	39	4⅛	4⅛	4⅛	
17½	4½	AfiSk			8	43	11⅛	11	11	−⅛
15½	8⅞	AirExp				90	6⅞	6⅝	6⅝	+⅛
8⅝	4⅞	Alamc	s		10	82	5	4⅞	5	
23⅞	4½	AlbaW	.15e	1.2	8	10	12¼	12⅛	12⅝	+⅛
70	45⅞	AlgC	wt			2	62¼	62¼	62¼	+3½
12⅞	7⅞	AlmySt			17	15	12	11⅞	12	+⅛
10½	5⅝	AlobaA				30	7	6⅞	7	
26½	15⅞	Alphal	s.06	.3	30	37	19⅞	19	19	−⅛
22	10⅞	Altamil	.40	1.6	14	5	21⅞	21¼	21⅞	
1⅞	⅛	Altec	v			363	⅝	½	½	
2⅞	⅞	Altex				19	2	1⅞	2	+⅛
11-16	1-16	Altex	wt			10	7-16	⅜	7-16	+1-16
37	28½	Alcoa	pf3.75	11.		z100	33⅞	33⅞	33⅞	−⅛
32½	14¼	AlzaCp				264	16⅞	15⅞	15⅞	+⅛
[illegible]										

Continued on Page 26

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 24

O-O-O

P-Q

R-R-R

S-S-S

T-T-T

U-U-U

V-V-V

W-W-W

Continued on Page 26

WORLD STOCK MARKETS

Indices

NEW YORK DOW JONES

	Nov. 4	Nov. 3	Nov. 2	Nov. 1	Oct. 31	Oct. 28	1983 High	1983 Low	Since C'mpil'tn High	Since C'mpil'tn Low
● Industr'ls	1218.28	1227.15	1237.30	1229.27	1225.20	1223.48	1284.65 (10/10)	1027.04 (3/1)	1284.65 (10/10/83)	41.22 (2/7/32)
H'me Bnds	70.55	70.82	71.13	71.19	71.39	71.43	77.84 (6/5)	39.85 (3/1)	—	—
Transport	586.60	593.71	584.09	579.37	577.17	578.61	595.29 (24/10)	434.24 (3/1)	595.29 (24/10/83)	19.32 (8/7/32)
Utilities	138.58	139.93	140.81	140.22	140.70	138.76	140.70 (31/10)	119.81 (3/1)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's	72,060	85,356	95,210	84,460	78,490	81,183	—	—	—	—

● Day's high 1227.74 (1249.68) low 1211.89 (1229.76)

	Oct. 28	Oct. 21	Oct. 14	Yearago (Approx
Indust'l div. yield %	4.53	4.46	4.41	9.50

STANDARD AND POORS

	Nov. 4	Nov. 3	Nov. 2	Nov. 1	Oct. 31	Oct. 28	1983 High	1983 Low	Since Cmpil'n High	Since Cmpil'n Low
Indust'ls	182.46	183.64	185.30	183.99	183.94	186.80	194.84 (10/10)	154.95 (3/1)	194.84 (10/10/83)	3.62 (30/6/32)
Comp'nte	162.44	163.45	164.84	163.04	163.55	163.37	172.65 (10/10)	160.54 (3/1)	172.65 (10/10/83)	4.40 (1/6/32)

	Nov. 2	Oct. 22	Oct. 19	Year ago (Approx
†Indst'l div. yield %	3.22	3.27	3.93	4.47
Indust'l P/E ratio	14.24	14.31	14.45	10.31
Long Gov. Bond yield	11.60	11.58	11.32	13.19

N.Y.S.E. ALL COMMON

Nov. 4	Nov. 3	Nov. 2	Nov. 1	1983 High	1983 Low
93.77	94.22	95.02	94.33	99.63 (10/10)	80.22 (24/1)

Rises and Falls	Nov. 4	Nov. 3	Nov. 2
Issues Traded	1,254	1,950	1,227
Rises	665	294	1,051
Falls	250	844	541
Unchanged	422	419	376
New Highs	—	42	49
New Lows	—	12	99

MONTREAL

	Nov. 4	Nov. 3	Nov. 2	Nov. 1	1983 High	1983 Low
Industrial	420.84	422.96	422.06	415.58	468.90 (28/9)	331.16 (4/1)
Combined	405.28	408.89	406.41	400.57	441.29 (28/9)	325.12 (4/1)
TORONTO Composite	2597.9	2404.5	2403.1	2574.7	2598.2 (26/9)	1948.8 (4/1)

	Nov. 4	Nov. 3	Nov. 2	Nov. 1	1983 High	1983 Low
AUSTRALIA						
All Ord. (1/1/80)	698.2	687.7	685.1	688.1	736.7 (12/8)	487.8 (4/1)
Metals & Minls. (1/1/80)	509.1	516.2	504.1	506.6	614.2 (5/9)	411.8 (4/1)
AUSTRIA						
Credit Aktien (2/1/62)	55.75	55.72	55.92	(c)	58.8 (5/8)	46.48 (12/5
BELGIUM						
Belgian SE (31/12/63)	123.61	122.26	121.67	(c)	134.45 (1/8)	100.50 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	188.6	190.17	194.74	194.27	204.22 (15/8)	100.00 (3/1)
FRANCE						
CAC General (31/12/82)	140.5	141.0	140.8	(c)	141.5 (17/10)	96.1 (3/1)
Ind Tendance (31/12/82)	148.7	149.5	149.6	(c)	150.7 (17/10)	98.0 (5/1)
GERMANY						
FAZ-Aktien (31/12/58)	334.31	337.75	338.49	340.47	345.06 (25/10)	241.99 (25/1)
Commerzbank (Dec 1953)	994.9	1003.4	1007.4	(c)	1017.5 (25/10)	727.9 (25/1)
HONG KONG						
Hang Seng Bank (31/7/64)	889.46	888.71	866.90	846.74	1102.64 (21/7)	690.06 (4/10)
ITALY						
Banca Comm Ital. (1972)	166.99	167.76	168.39	(c)	214.50 (21/1)	160.45 (10/1)
JAPAN**						
Nikkei-Dow (16/5/49)	9341.98	(c)	9344.12	9350.91	9563.25 (15/10)	7803.18 (25/1)
Tokyo SE New (4/1/68)	684.17	(c)	685.54	686.41	699.60 (7/10)	574.51 (25/1)
NETHERLANDS						
ANP-CBS General (1970)	136.3	136.1	134.6	136.3	144.8 (11/10)	109.1 (4/1)
ANP-CBS Indust (1970)	109.9	110.6	109.9	111.1	118.4 (10/10)	83.5 (4/1)
NORWAY						
Oslo SE (4/1/83)	199.57	205.46	203.55	203.22	217.60 (10/10)	98.01 (4/1)
SINGAPORE						
Straights Times (1966)	(c)	946.50	957.32	959.28	992.82 (25/8)	718.29 (5/1)
SOUTH AFRICA						
Gold (1958)	785.5	(u)	701.9	661.4	1099.5 (1/2)	661.4 (1/11)
Industrial (1958)	879.7	(u)	877.5	889.9	996.7 (26/8)	784.9 (6/1)
SPAIN						
Madrid SE (31/12/82)	128.39	127.99	127.60	(c)	128.8 (4/11)	98.82 (11/1)
SWEDEN						
Jacobson & P. (1/1/58)	1539.87	1427.76	1412.18	1409.60	1520.60 (6.9)	899.18 (3/1)
SWITZERLAND						
SwissBankCpn. (31/12/58)	353.9	355.5	354.1	348.2	355.5 (3/11)	294.4 (4/1)
WORLD						
Capital Intl. (1/1/70)	—	179.4	179.9	177.8	186.8 (10/10)	154.3 (3/1)

(**) Saturday Oct. 29: Japan Nikkei-Dow 9301.56 TSE 682.35.
Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000: the last named based on 1975. † Excluding bonds. ‡ 400 Industrial. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Pan Am Air	[illegible]	$7\frac{3}{4}$	$+\frac{1}{4}$	Pub. S. Indiana	1,131,900	19xd	$-\frac{1}{4}$
BankAmerica	1,682,300	$19\frac{1}{4}$	$+\frac{3}{4}$	ATT	1,073,100	$31\frac{1}{4}$	—
Tandy	1,496,200	$35\frac{1}{4}$	−4	Exxon	1,011,900	$38\frac{1}{4}$xd	$-\frac{7}{8}$
IBM	1,473,300	$122\frac{1}{4}$	$-1\frac{1}{8}$	Contl. Tel.	863,800	24	$+\frac{1}{4}$
Anheuser	1,192,700	$62\frac{1}{2}$	$-1\frac{1}{8}$	Gulf Oil	741,100	$44\frac{1}{2}$	$-\frac{1}{4}$

AUSTRIA

1983 High	1983 Low	Nov. 4	Price %
220	206	Credit'stalt Pfd.	211
373	191	Goesser	321
413	358	Interunfall	410
917	201	Laenderbank	912
400	255	Perlmooser	390
179	145	Steyr Daimler	145
262	171	Veitscher Mag	199

BELGIUM/LUXEMBOURG

1983 High	1983 Low	Nov. 4	Price Frs.
1,435	990	ARBED	1,190
4,750	3,700	Bank Int A Lux	4,550
3,300	2,050	Bekaert B	2,900
2,090	1,595	Ciment BR	1,930
182	22	Cockerill	173
4,713	3,660	Delhaize	4,300
2,525	1,875	EBES	2,225
6,210	4,450	Electrobel	6,250
2,900	2,160	Fabrique Nat	2,150
2,200	2,710	GB Inno BM	9,905
2,422	1,450	GBL (Brux)	2,310
2,500	1,740	Gevaert	2,455
5,080	3,600	Hoboken	4,490
2,000	1,720	Intercom	1,790
6,310	4,300	Kredietbank	6,150
2,250	4,300	Pan Hldgs	2,250
6,040	4,313	Petrofina	5,310
7,243	5,910	Royale Belge	3,890
3,000	2,306	Soc. Gen. Banq	2,700
2,022	1,200	Soc. Gen. Belge	1,580
5,270	2,755	Sofina	4,750
3,460	2,180	Solvay	2,985
3,500	2,645	Traction el	3,053
4,280	2,620	UCB	3,940
4,400	2,213	Vieille Mont	3,050

DENMARK

1983 High	1983 Low	Nov. 4	Price %
686.4	332.6	Aarhus Olie	479
320	180	Andelsbanken	263
398	321	Baltica Skand	533
300	176.6	CopHandelsbank	222
621	295.6	D. Sukkerfab	659xr
322.6	197	Danske Bank	285
186	88.6	East Asiatic	147
1,350	650	Forenede Brygg.	1,340
296	148	Forenede Damp.	193
567	176	GNT Hldg	541
722	270	I.S.S.B.	752
650	297	Jydske Bank	527
3,425	1,935	Novo Ind.	3,080
324	183.4	Privatbanken	280
335	157.6	Provinsbanken	330
224.3	170	Smidth (FL)	258
1,078	583	Sophus Berend.	1000
495	97.2	Superfos	495

CANADA

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

AUSTRALIA

[illegible]

SINGAPORE

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

SOUTH AFRICA

[illegible]

SPAIN

[illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

AMERICAN STOCK EXCHANGE CLOSING PRICES

12 Month High Low Stock Div. Yld. P/E Sls 100s High Low Close Quote Ch'ge Prev. Close

Continued from Page 25

S—S—S ... T—T—T ... U—U—U ... V—V—V ... W—W—W ... X—Y—Z

[illegible]

NEW YORK CLOSING PRICES

12 Month High Low Stock Div. Yld. P/E Sls 100s High Low Close Quote Ch'ge Prev. Close

Continued from Page 25

X—Y—Z

[illegible]

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Current
International Domestic and Contract Textiles Exhibition—DACTEX (01-572 2121) until Nov 10 — NEC, Birmingham

Current
International Furniture Show (01-724 0851/2) until Nov 10 — NEC, Birmingham

Nov 9-10
The Northern Contract Flooring Exhibition (01-236 0911) — Bolton

Nov 10-13
The 1983 USM Event (Brentwood Essex (0277) 228452) — Westminster Exhibition Centre, SW1

Nov 13-16
Times and Sunday Times Business to Business Exhibition (01-729 0677) — Belle Vue, Manchester

Nov 14-16
Conveyorex 83 (Uxbridge (0895) 58431/9) — Harrogate

Nov 14-17
Fast Food Fair (01-643 8040) — Brighton

Nov 15-18
Compec Exhibition (01-643 8040) — Olympia

Nov 22-24
Entertainment 83 (Eastbourne (0323) 37841)

Nov 28-Dec 1
Health and Safety at Work Exhibition (01-688 7788) — Wembley Conference Centre

Nov 30-Dec 4
World Travel Market (01-643 8040) — Olympia

Dec 1-4
Bristol Bicycle Show (Bristol (0272) 650465) — Exhibition Centre

Dec 5-8
Royal Smithfield Show and Agricultural Machinery Exhibition (01-235 9315) — Earls Court

OVERSEAS TRADE FAIRS

Current
Pan-Arab Food Industry Exhibition (01-636 5265) until Nov 11 — Sharjah, UAE

Nov 8-11
Hong Kong Machine Tools, Welding and Metal Fabrication Exhibition (Solihull (021-705 6707) — Hong Kong

Nov 8-12
International Maritime Exhibition—EUROPORT (01-228 2880) — Amsterdam

Nov 12-17
Arab Home and Leisure Show (01-486 1951) — Bahrain

Nov 14-18
Paris International Electronic Components Exhibition (01-439 3964) — Paris-Nord Exhibition Centre

Nov 18-22
ArabBuild '84—fourth Middle East Building and Construction Show and Conference (01-486 1951) — Bahrain

Nov 22-24
British Engineering Products and Services Exhibition (01-729 6077) — Amsterdam

BUSINESS AND MANAGEMENT CONFERENCES

Nov 7-9
CGS Institute: Telecommunications—the next 10 years (Windsor (07535) 58811) — Tara Hotel, W8

Nov 8
Staniland Hall Associates: The UK economy in 1984 and 1985 (01-359 6054) — Centre Point, WC1

Nov 8, 9
Goodfellow Assoc: Canterbury 83—business opportunities in the energy industries (01-261 0403) — Canterbury

Nov 9
BIM: coping with the impact of major change (Corby, Northants, (053-63) 4222) — InterContinental Hotel, W1

Nov 13-15
Metal Bulletin: 4th international ferro-alloys conference (01-330 4311) — Pittsburgh

Nov 15-16
FT Conference: The second Thatcher Government (01-621 1355) — Inter-Continental Hotel, W1

Nov 15-17
Liffe: Financial futures for banks (01-623 0444) — Strand Palace Hotel, WC2

Nov 16
Chatham House: new international policies for information and communication (01-930 2233) — Chatham House, SW1

Nov 16
Riba: How computer aided design will affect your office (01-637 8991) — 66 Portland Place, W1

Nov 24
Henley Centre: Forecasts of leisure time activities and spending (01-353 9961) — Cumberland Hotel, W1

Nov 29-30
FT Conference: World telecommunications (01-621 1355) — Royal Lancaster Hotel, W2

Dec 1-2
FT Conference: Venture capital financial forum (01-621 1355) — InterContinental Hotel, W1

Dec 6-8
CSP: Containerisation Asia 1983 (01-330 3911) — Hong Kong

Dec 6-8
FT Conference: World banking in 1984 (01-621 1355) — InterContinental Hotel, W1

Dec 7
First annual European methanol conference (Houston 713/652-0576) — Brussels

Dec 7
Chatham House: American economic policy and transatlantic trade (01-930 2233) — Chatham House, SW1

Dec 7-8
Lloyd's Shipping: tankers — where's the miracle? (01-247 9461) — Press Centre, EC4

Dec 8-9
International Herald Tribune/Oil Daily: Oil and money in the eighties (Neuilly Cedex France (33-1) 747 1265) — Park Lane Hotel, W1

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

Construction Contracts

£22m work for Kyle Stewart

KYLE STEWART has commenced £22.55m worth of construction work in the areas of design and construct; management contracting; refurbishment and traditional contracting. The largest project, worth £8m, is for Tesco for design and construction of a superstore 2½ km from Aylesbury town centre. The 6,000 sq metres building, with parking on one level for 650 cars, is the centrepiece of a 14 ha redevelopment scheme by Kyle Stewart Properties. Completion is due in September 1984.

The second project, again design and construction, is worth £4.8m and is for a distribution depot, together with offices and vehicle workshops covering some 35,000 sq metres in Weybridge. The project on the Brooklands Industrial Estate, developed by Oyster Lane Properties, is scheduled for completion in August.

Work under a management contract, worth £3.6m will start in April for London Transport Executive in Old Marylebone Road, NW1 and will entail tha remodelling and upgrading of an existing office block. Completion is programmed for mid-1985. A fitting-out contract for RS Components, valued at £2m, is to be carried out as an extension to tha £11m management contract for construction of a 31,000 sq metres high quality warehouse factory and head office complex being constructed on an 11 ha site in Corby. Work is scheduled for completion in March.

A seven-storey £4.5m extension is to be built by Kyle Stewart, to an existing building at Goodmans Fields, E1, for National Westminster Bank. The block will provide an additional 5,800 sq metres of office and plant room accommodation complete with lift, all mechanical and electrical services, external paving and landscaping. Completion is for Easter 1985.

The first of two refurbishment projects, worth £1.25m is at Palace Gate, W8 while the second, valued at £400,000 is for British Telecom at Howland Street, W1.

*

Contracts valued at more than £1.1m have been won by A. MONK & CO. They include construction of a transmitter station at Her Majesty's Naval Base at Portland, Dorset, and road junction improvements for Merseyside County Council involving alterations made to accommodate traffic for the forthcoming International Garden Festival. The contracts also include sewer diversion for Middlesbrough County Council and construction of workshops and service areas for Langbaurgh Borough Council, also in Middlesbrough.

*

A contract worth £200,000 to provide the steel construction work for a 30,000 sq ft office block being built in Brentwood, Essex, for Countrysida Properties has been awarded to GRAHAM WOOD STRUCTURAL (part of the Amsteel Group). The contract employs the same method of composite frame, decking and shear studding as used in the recently completed work on the office block being built at Finsbury Avenue, City of London.

GWS has also gained contracts for work at two theatre projects. One, worth £20,000, is the Old Vic refurbishment. The other, worth £40,000, is the Half Moon Theatre in the East End of London.

Babcock wins Rostock harbour order

SPECIALIST advice from GDR trade experts United Sterling has helped Babcock International gain its first contract in the GDR and also to become the first British company to provide major equipment for the Rostock port expansion scheme. Under the contract Babcock will supply some £2m worth of specialised ship loading equipment for the port's second development stage.

First stage of tha expansion scheme was completed earlier this year and transformed the harbour into one of Europe's largest grain handling ports through the building of a new quay and facilities for handling 3.2m tonnes of grain a year. The second stage comprises building a general cargo harbour and an export quay to be completed by the middle and end of next year.

Up to now the port development authorities have placed all the major foreign orders for the project with just one company, Johnson Construction Company AB of Stockholm, and have placed strict limits on the purchase of foreign equipment as part of a general policy to conserve hard currency. To gain its contract, Babcock had to compete not only on the basis of its technology, but also on the financing package it was able to offer. United Sterling, and particularly its Chairman Mr Philip Lait, provided the trading expertise that Babcock lacked.

United Sterling imports some £50m worth of GDR goods into the UK every year and has close and long-standing business ties with most of the GDR's foreign trading organisations, including Industrieanlagen-Import, tha purchaser of the loading equipment.

Babcock tendered to supply a jetty conveyor and ship loader capable of handling either bulk or bagged cement for loading into ships ranging from 3,000 to 15,000 dwt at rates of up to 600 tonnes an hour for bulk material and 2,000 bags an hour.

But Babcock were not able to handla the counter-trade requirement which is now a standard part of all major deals with the GDR. However, Mr Lait got Industrieanlagen-Import to agree to offset the counter-trade portion of the deal against United Sterling's existing import volume from the GDR. The concession went through largely because of the GDR's large trade surplus with the UK.

Without this helpful intervention no deal would have been possible. But with it, Babcock were not only able to dispense with the counter-trade requirement, but also to put in a highly cost-competitive bid which won the day. The actual financing of the deal is a straight-forward supplier credit provided through Kleinwort-Benson and backed by the Export Credits Guarantee Department.

This is the first time that the GDR has agreed this kind of off-set counter-trade approach with UK companies.

TOM SEALY

APPOINTMENTS

London and Liverpool Trust chairman

LONDON AND LIVERPOOL TRUST has appointed Mr H. Astley Whittall as non-executive chairman. Mr Jeffrey Bonas remains chief executive. Mr Whittall is non-executive chairman of B.S.G. International, chairman of Ransomes, Sims and Jefferies, and a director of APV Holdings and LRC International.

*

At BRENGREEN (HOLDINGS), Mr F. R. Agar has been promoted to deputy chairman. He will relinquish his position as chairman and managing director of Exclusive Cleaning Group and will assume special responsibilities for the development of the group's health care services, refuse collection and street cleansing services and overseas operations. Mr R. Pope has been appointed managing director of Exclusive Cleaning Group.

*

Mr I. T. H. Legle has been appointed a director of SCOTTISH OFFSHORE INVESTORS.

*

Mr G. Gardiner has joined HAMPTON GOLD MINING AREAS as a director. He was a manager of the mining divison of Charter Consolidated. Mr A. J. Williams has become divisional director of Hampton with responsibilities in tha minerals division, particularly the group's interest in the U.S. He has been with the company for six years. Mr D. A. R. Hanvey becomes senior mining engineer.

*

Miss Anita Hall has been appointed a director of MOORE BUSINESS FORMS.

*

Sir Francis Tombs has joined the board of SHELL UK as a non-executive director. Sir Francis is chairman of Turner and Newall and a director of N. M. Rothschild and Sons and Rolls-Royce.

*

Mr Thomas Bailey will retire as managing director of LAKE AND ELLIOT on November 15. He will remain a non-executive director and will also remain on the board of Lake and Elliot Founders and Engineers. Mr Jack Barr will take over as managing director of Lake and Elliot on November 15. He will also continue as chief executive of Lake and Elliot values division.

*

Mr Peter Chapman has been appointed to the board of TRIPLEX FOUNDRIES GROUP as finance director from February 1.

*

Mr Ron Appleton has been appointed production director of WADLOW GROSVENOR PRODUCTIONS. He has been involved with the development of the company's international business particularly in the Middle East and U.S.

*

At SCOTTISH WOODLAND OWNERS ASSOCIATION (COMMERCIAL) Mr Dennis Crawford, managing director, is to retire at the end of tha year. Mr Thomas D. Lynch, has rejoined the board as a part-time executive director, having been one of its founder members. He was recently appointed Visiting Professor of Taxation at Glasgow University.

*

Mr Michael Bowler has been appointed a director of ASTON MARTIN LAGONDA, with special engineering responsibilities. He was a motoring journalist until two years ago when he was appointed public relations manager to Pace Petroleum and personal assistant to its then chairman, Mr Victor Gauntlett. Mr Gauntlett sold out his interests in Pace Petroleum in September and became full-time executive chairman to Aston Martin, for whom he first became a director in 1980.

*

Following the retirement of Mr Don Reed, Mr Peter Jacobs has been appointed sales director of MARS CONFECTIONERY. He was with Pedigree Petfoods.

*

Prof Raymond Thomas has been appointed chairman of the FOOD AND DRINK ECONOMIC DEVELOPMENT COMMITTEE.

*

Mr Trevor Davis has been appointed marketing director of WYETH LABORATORIES. He was commercial director of Abbott Laboratories.

*

Mr John Gardiner has joined the board of MILLS & ALLEN INTERNATIONAL as a non-executive director. He is chief executive of the Laird Group and a director of ICL and British Shipbuilders and is chairman of Brunel University.

CONTRACTS AND TENDERS

Kingdom of Saudi Arabia
Mahd-adh-Dhahab Mine Project
Announcement of Pre-qualification

The General Petroleum and Mineral Organization (Petromin), Minerals Division, desires to implement the Mahd-adh-Dhahab Mine Project which includes the preparation of detailed engineering and final designs, construction, procurement, erection and commissioning of machinery and equipment for the Project.

The Project consists of the following:—
Contract No. 1 Site Preparation
Contract No. 2 Mine Township and Workforce Camp
Contract No. 3 Power Supply and Distribution
Contract No. 4 Ore Treatment Facilities
Contract No. 5 Project Catering
Contract No. 6 Water Supply and Distribution
Contract No. 7 Mine Buildings
Contract No. 8 Miscellaneous Works

Due to the size and importance of the Project and the fact that it includes civil, mechanical and electrical works which will require a high level of speciality and capability, the General Petroleum and Mineral Organization (Petromin), Minerals Division, wishes to pre-qualify Saudi Arabian and foreign companies and organizations or joint ventures who are capable of carrying out these works.

Pre-qualification documents can be obtained from Petromin (Minerals Division), Ruwais, Jeddah, Saudi Arabia (Tel. 6519257) and Gold Fields Mahd-adh-Dhahab Ltd., 1 Stamford Street, London SE1 Tel. 01-261 1052.

Pre-qualification submissions should be hand delivered not later than 12.00 hrs. local time on Monday 28th November 1983 to Mr. S. Al Hamdan or Mr. A. R. Azhar, Petromin (Minerals Division) Ruwais, Jeddah, Saudi Arabia.

No company will be invited to submit a tender for the execution of any of these works except those pre-qualified according to the conditions of the pre-qualification documents.

General Petroleum and Mineral Organization Minerals Division

Petromin

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE
(Algerian Popular Democratic Republic)
MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES
(Ministry for Energy and Petrochemical Industries)
ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS
(National Oil Exploitation Company)
NOTICE OF INTERNATIONAL CALL FOR TENDERS NUMBER 1130-A1/80

The National Oil Exploitation Company is launching an International Call for Tenders for the supply of:
— 80,000 DRILLERS' GLOVES (Gants de Foreurs)
— 20,000 MECHANICAL HANDLERS' GLOVES (Gants de Manutentionnaires en cuir)

This call for tenders is intended for Manufacturing Companies only and excludes amalgamations, representatives of companies and any other intermediaries etc, in conformity with the provisions of the Law No. 78-02 of 11 February 1978, with respect to State Monopoly on Foreign Trade.

Tenderers interested in this Call for Tenders may obtain the specifications from the following address: Entreprise Nationale des Travaux aux Puits (National Oil Exploitation Company, 2, Rue due Capitaine, Azzoug, Côte Rouge, Hussein Dey, Alger (Algiers), Algerie (Algeria), Département Approvisionnements et Transports (Department for Supplies and Transport) with effect from the date on which this notice is published.

Offers, of which five (5) copies should be prepared, must be sent in a double sealed envelope, by registered post to the Secrétariat du D.A.T. at the above-mentioned address. The outer envelope should not bear any mark that might identify the tenderer and should state simply "Appel d'Offres International Numéro 1130, A1, Confidentiel, A ne pas Ouvrir (International Call for Tenders No. 1130, A1 Confidential, Do not open).

Tenders must be received by 12.00 hours, at the latest. Selection will be made within 120 days from the closing date of this Call for Tenders.

COMPANY NOTICES

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN KOMATSU LTD., TOKYO

We are pleased to confirm that copies of the Semi-Annual Report for the six-month period ended June 30, 1983 of ... [illegible]

November 7, 1983

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN MITSUI & CO LTD., TOKYO

[illegible]

November 7th, 1983

NEW KLEINFONTEIN PROPERTIES LIMITED
(Incorporated with limited liability in the Republic of South Africa)

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER
PAYMENT OF COUPON NO. 79

[illegible]

AFRICAN FINANCE CORPORATION (U.K.) LIMITED

LEUMI INTERNATIONAL INVESTMENTS N.V.

[illegible]

BANK LEUMI TRUST COMPANY OF NEW YORK

PERSONAL

IN LIVING MEMORY

Floral tributes fade. Your regard for departed friends lives on if you make a donation in their name to Help the Aged's work—towards a Day Centre for the lonely, medical treatment or research for the old, or help for the ... [illegible]

COMPANY NOTICE

NOTICE OF RATE OF INTEREST
BANQUE EXTERIEURE D'ALGERIE
US$40,000,000 FLOATING RATE NOTES DUE 1985

In accordance with the provisions of the Agency Agreement between Banque Extérieure d'Algérie, and Citibank, N.A., ... [illegible]

November 7, 1983. CITIBANK, N.A. London Agent Bank

CLUBS

[illegible]

ART GALLERIES

[illegible]

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

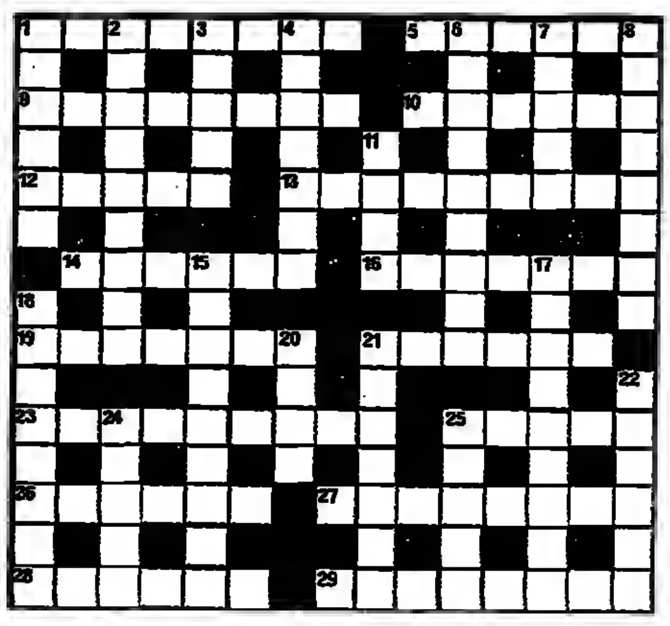
INSURANCES

Authorised Units—continued

Offshore and Overseas—continued

Insurances—continued

F.T. CROSSWORD PUZZLE No. 5,262



ACROSS

1 Mother queueing for Inter-City travel? (4, 4)
5 The cad is out to break the engagement (6)
9 Brief case (3-5)
10 One drink after another (6)
12 One may slip and fall into it (5)
13 Crazy about Mum, in a manner of speaking (9)
14 Land in America (6)
16 Checks made by police (7)
19 Like hell cats in a melee (7)
21 Change put behind a mirror (6)
23 I'm taking the attitude it's a fraud (9)
25 One may go to the theatre to see it some time after work (5)
26 Find love in a home on the water (6)
27 It's clear the girl has a cute wiggle (8)
28 It is here, perhaps, that there's one or the other (6)
29 Needy and greedy take a new turn I see (8)

DOWN

1 Way in which a girl is taken in by a man (6)
2 Make a stop on the way? (9)
3 He composed in subtle harmonies (5)
4 How to make a cancellation fully in order? (7)
6 Just living for the day (9)
7 A girl came up with something useful (5)
8 Essential requirement for operating a slot-machine (4, 4)
11 Foreign money for rail development (4)
15 It involves places and composition (9)
17 Here one is wise before and after the event perhaps (8)
18 Reckon the deceased's property is about one thousand (8)
20 Guiding light? (4)
21 Record-holders (7)
22 Keen to have a fast time around morning (6)
24 A guide plan incorporates one (5)
25 Happen to come to mind (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man. Fd.		233.17		—
Managed Inv. Fd	156.86	165.12		—
Property Fd.	151.46	159.44		
Fixed Interest Fd	146.09	153.78		
Cash Fd.	136.49	143.68		
Income Fd.	168.36	177.23		
Extra Income Fd.	160.75	169.22		
Worldwide Growth Fd.	219.35	230.90		—
Balanced Fd.	167.80	176.64		—
Smlr Co's & Recy. Fd	198.34	208.78		
Int. Technology Fd	250.82	264.03		—
Nth. Amer. & Gen. Fd.	157.88	166.19		
Energy Int. Fd.	100.47	105.76		
Pacific Basin Fund	135.41	142.54		—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	112.1	118.0	+0.2	—
Property	112.1	118.0	+2.3	
Equity	113.6	119.6	+0.8	
International	126.6	133.3	−0.7	
Fixed Interest	101.8	107.1	+0.3	
Deposit	99.5	104.7	+0.1	—
Managed Pen. Cap.	112.3	118.2	+0.1	
Property Pens. Cap	112.4	118.3	+3.0	
Equity Pens. Cap.	107.6	113.2	+1.0	
Intnl. Pens. Cap.	131.4	138.3	−1.2	
Fixed Int. Pens. Cap	99.2	104.4	+0.2	
Deposit Pens. Cap	97.3	102.5	+0.1	

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth Nov 2		91.5	
Rtmt. Fed. Aug 6		256.4	
Managed Pen Fund	166.9	177.5	
Property Pen Fund	114.2	120.2	
Index Lnkd Pen Fund	112.4	118.3	
Managed	119.9	126.3	+0.1

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ 01-628 8131

G.T. Plan Bond Fund	123.0	129.5	−0.1
GT Pln High Yld Fnd.	117.7	123.9	+1.3
GT Plan Far East Fnd	112.7	118.7	+0.3
GT Plan N. Am Fd.	133.5	140.6	+0.4
GT Pln UK&G.E. Fnd	130.7	137.6	+0.7
GT Pln Wrldwde Fnd.	131.1	138.0	−0.3
GT Pension Bnd Fnd.	132.4	139.4	−0.1
GT Pen High Yld Fd	133.4	140.5	+1.6
GT Pen Far East Fd	136.8	144.0	+0.4
GT Pen N. Am. Fd.	192.2	202.4	+1.1
GT Pen UK & G.E. Fd	150.8	158.8	+0.7
GT Pen Worldwide Fd.	139.1	146.5	−0.4

Prices for Accum. Units only

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY 01-488 0739
Intl. Managed Bond. 166.9 175.7

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.	246.7		
Portfolio Fd. Init.		202.8	
Portfolio Fd. Cap.		255.0	
Investment A cts	246.1	259.1	

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd.	267.4	281.6
Money Fd	155.4	163.6
Equity Fd.	224.9	237.0
Fixed Int. Fd.	117.6	124.3
Property Fd	172.1	181.3
Managed Pen. Fd.	246.6	259.8
Equity Pension Fd	177.7	187.3
Fixed Int. Pen. Fd.	164.2	172.8
High Yield Pen. Fd.	162.0	170.7
Money Pension Fd.	128.1	134.9

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

NOTES

[illegible]

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

LOANS—continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, H.P. & LEASING

FT LONDON SHARE INFORMATION SERVICE

BANKS—Continued

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

حكمنا منه الاجل

INDUSTRIALS—Continued

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
November	♦Kean & Scott Hldgs	48	5.9	M1.0	—	2.2	—
Mar May	Keep Trust 5p	12¼	20.9	†0.15	—	‡	—
Feb. July	Kelsey Inds.	185	6.6	8.0	1.7	6.2	12.7
Nov. April	Kershaw (A.) 5p	140	19.9	‡15.0	0.6	‡	(21.1)
Jan. Aug.	Kleen-E-Ze Hldgs.	70	18.7	3.0	0.5	6.1	—
Jan. Aug.	L.C.P. Hlds	88	20.6	3.6	1.2	5.8	(19.8)
Jan July	LDH Group	27½	6.80	—	—	‡	♦
Oct. April	L.R.C. Int. 10p	112	1.8	†2.95	2.3	3.8	14.6
July-Dec	Lamont Hldgs. 10p	32xd	31.10	†1.3	1.8	5.8	12.6
Dec. May	Lawtex	47	11.82	—	—	—	♦
Mar. Oct.	Lep Group 10p	460	4.7	17.5	0.3	5.4	63.8
Oct. July	Lilleshall 10p	48	9.5	d1.0	—	3.0	—
Jan Oct	Lon. & Liv. 10p	53	23.5	h2.75	3.9	7.4	4.7
Jan. Sept.	London & Nldn'd	107	15.8	7.75	1.1	10.3	12.0
Jul. Dec.	Lon. & Nthn. Grp.	69½	6.6	F4.2	2.0	9.7	8.7
—	♦Lon. Priv. Health	23	—	—	—	—	11.5
Mar Oct.	Longton Inds.	55	5.9	1.0	—	2.6	—
June Nov	Low & Bonar 50p	110	17.10	†5.0	2.8	6.5	(6.2)
—	MCD Group	44½	—	±1.0	2.2	3.2	20.3
—	MMT Computing 5p	82	—	b1.68	2.6	2.9	19.1
June Dec.	M.Y. Dart. 10p	23xd	31.10	20.25	—	1.6	—
May Sept.	M'c'rthy Ph. 20p	146	15.8	7.0	2.7	6.8	6.9
Oct. May	Macfarlane Gp.	136	19.9	†3.52	2.1	3.7	16.6
July Nov.	Macleflan 20p	34	3.10	d1.5	1.6	6.3	12.2
Aug. Mar.	Macpherson (D.)	43	18.7	4.2	0.6	14.0	(25.0)
Oct. Apr.	Magnolia Group	54	19.9	2.3	3.2	6.1	6.3
Apr. Oct.	Man. Ship Can. £1	134	9.80	3.5	6.8	3.8	4.0
Oct Apr	Marley	77	15.8	†2.5	0.5	4.6	(73.7)
Feb. Oct.	Marling Ind. 10p	49	1.8	1.08	1.7	3.9	(18.8)
Dec. Jun.	Marshall L'xy. 'A'	26	4.10	†1.2	—	—	—
Jan. July	Marshall's Univ	36	6.82	B—	—	‡	—
Nov May	Martin-Black	29	5.79	—	—	—	18.5
—	♥Mathesons 7¾%	£90	30.6	Q7¾%	2.3	(8.9)	—
Jan. June	Metal Box £1	266	20.6	11.55	1.8	6.2	(10.0)
Nov. June	Metal Closures	123	19.9	5.7	1.8	6.6	(8.0)
—	♦Metal Sciences 2p	20	—	—	—	—	—
April Dec.	Metanac Jentique	14	3.82	†0.5	—	‡	—

LEISURE—Continued

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Jan. July	Black & Edgtn.	72	4.82	♦—	—	4.82	19.1
May Nov.	Boosey & Hawkes	160xd	31.10	†2.3	1.5	2.1	(40.3)
Mar. Nov.	Campari Int. 20p	44	17.10	†d2.73	1.2	‡	(11.9)
—	♦Central TV N/Vtg 50p	168	—	—	—	—	—
Feb. June	Fairline Boats 10p	36	20.6	†d1.0	—	4.0	—
—	GRA Group 5p	38½	—	—	—	—	49.5
Jan-July	Grampian TV A 10p	61	25.4	3.6	2.9	8.8	4.8
May Oct.	HTV Non-Vtg	181	3.10	11.0	2.2	0.7	7.6
May Oct.	Horizon	235	5.9	†3.6	5.7	3.8	5.9
Jan Aug	Intasun 10p	144	18.7	4.0	4.5	4.0	6.6
May	♦Interwision Video 20p	28	11.4	1.0	2.1	3.7	14.2
June-Dec	Julliana's Hldgs 2p	380	17.10	b4.9	2.4	1.8	27.6
Jan-April	LWT "A"	181	11.4	11.08	1.1	8.7	14.5
Jan Jul	Leisuretime Int 10p	60	19.9	g1.54	2.8	3.7	11.4
June Jan.	Magnt. Ag. H. 10p	123	6.6	8.75	1.6	11.1	8.2
Apr. Dec.	Midminster 10p	78xd	31.10	4.4	♦	9.0	♦
October	Miss World Gp 10p	158	5.9	b3.0	2.5	2.6	23.0
—	♦Nationwide 5p	19½	—	—	—	—	—
—	♦Nimslo Int 20c	32	—	—	—	—	—
Jan. Sept.	Norton Opax 10p	113	1.8	†2.17	4.3	2.7	8.1
July	♦Owners Abroad	27½	11.4	0.5	4.5	2.6	12.3
June Nov	Photax (Lon.)	38	4.82	—	—	—	—
—	♦Pineapple Dance St 10p	128	—	61.5	♦	2.8	♦
Sept. Apr.	Pleasurama 5p	345	1.8	†5.75	4.5	2.4	20.6
Feb-July	♦Radio City 'A' NV	135	23.5	g5.6	1.6	6.0	14.4
July Jan	Riley Leisure 10p	180xd	31.10	†3.95	1.7	3.1	25.1
Apr. Nov.	Saga Hols. 20p	183	11.4	d3.73	—	5.2	—
April	Samuelson Grp £1	390	21.2	td12.0	2.8	4.5	11.4
Dec May	Scott. TV 'A' 10p	105	17.10	7.35	2.2	10.0	6.4
—	♦SelecTV 10p	39	—	—	—	—	—
May Nov	TSW 5p	20xd	31.10	1.2	♦	8.6	♦
—	♦TVS N/Vtg 10p	75	—	—	—	—	41.3
—	♦Television Srvs 2p	21½	—	b0.2	3.3	1.3	33.1
Oct Apr	Trident TV 'A' 10p	128½	18.7	†4.26	1.4	5.3	19.6
—	♦21st Century Dist	120	—	—	—	—	—
April Sept	Webb (Jos.) 5p	18	15.8	d0.51	0.5	4.3	—

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

Australians

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—	♥Western Cont. 50c	15	—	—	—	—
Oct. May	Westn. Mining 50c	216	3.10	Q2c	7.6	0.6
—	♥Whim Creek 20c	148	—	—	—	—
—	♥York Resources	21½	—	—	—	—

Tins

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
Apr. Nov.	Ayer Hitam $M1	200	21.3	†Q95c	1.0	‡
Feb July	Geevor	122	6.80	—	—	—
November	Gold & Base 12½p	11	10.74	—	—	—
Jul Jan Apr	Gopeng Cons.	390	25.4	♦20.0	1.4	7.3
Mar Aug	Hongkong	550	6.81	21.0	♦	5.5
July	Jantar 12½p	15	6.6	1.5	0.2	14.3
Jan Sept	Kamunting $M0.50	205	7.12	†Q27½c	0.8	3.8
Dec. Aug	Malaysia Mng. 10c	65xd	31.10	†Q11c	0.9	‡
—	♥Pahang	42	27.11	—	—	—
July	Pengkalen 10p	500	11.4	1.0	—	0.3
June. Jan.	Petaling $M1	290	17.10	†Q70c	1.3	6.9
Jan Sept	Sungei Besi $M1	205	5.9	†Q185c	1.1	‡
—	♥Supreme Corp M$1	49	9.74	Q3½c	♦	2.2
Mar July	Tanjong 15p	115	6.81	93.5	—	4.3
Sept. Mar.	♥Tongkah H. Tin $M1	120	21.5	vQ5c	1.3	1.2
Oct. June	Tronoh $M1	245	3.10	vQ90c	1.1	10.4

Miscellaneous

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—	Admiral Mines	30	—	—	—	—
—	♥Anglo-Dominion	63	—	—	—	—
—	♥Anglo Utd. Dev.	63	—	—	—	—
—	♥Colby Res Corp.	110	—	—	—	—
Aug. Feb.	Cons. Murch. 10c	410	4.7	†Q60c	1.9	‡
Sept Feb	Hampton Areas 10p	180	18.7	3.75	2.1	2.8
—	♥Highwood Res	150	—	—	—	—
May Aug	Homestake Mining $1	£18¾xd	2.11	Q20c	—	0.7
October	Northgate C$1	280	9.77	—	—	—
Jan. July	R.T.Z.	562xd	31.10	17.0	2.9	4.3
Jan July	Do.9½%Cu.Ln.Ln.'95-2000	£124½xd	31.10	Q9½%	32.5	17.0
—	♥Sabina Inds C$1	70	—	—	—	—
—	♥Tara Exptn $1	650	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Principal and interest tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ☆☆ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	62	.....	Fin. 13% 97/02	£94¾	—⅛
Bdg'wtr. Est. 50p	295	.....	Alliance Gas	75	.....
Craig & Rose £1	£10½	.....	Arnott	285	.....
Finlay Pkg. 5p	37	.....	Carroll (P.J.)	99	.....
Higsons Brew	83	.....	Concrete Prods.	75	.....
Holt (Jos) 25p	910	.....	Heiton (Hldgs.)	16	.....
I.O.M. Stm. £1	130	.....	Irish Ropes	34½	+½
IRISH			Jacob	83	.....
Exch. 12% 1985	£98⅝	—⅛	T.M.G.	83	.....
Nat 9¾% 84/89	£87¾	—⅛	Unidare	74	.....

OPTIONS

3-month Call Rates

Industrials		House of Fraser	20	Utd. Drapery	22
Allied-Lyons	13	I.C.I.	45	Vickers	12
BOC Grp	20	"Imps"	11	Woolworth Hld.	30
B.S.R.	20	I.C.L.	7		
Babcock	15	Ladbroke	22	**Property**	
Barclays Bank	45	Legal & Gen.	45	Brit. Land	8½
Beecham	32	Lex Service	32	Cap. Counties	14
Blue Circle	45	Lloyds Bank	45	Land Sec.	28
Boots	16	"Lots"	4	MEPC	20
Bowater	22	London Brick	10	Peachey	16
Brit. Aerospace	19	Lucas Inds.	15	Samuel Props.	11
B.A.T.	14	"Mams"	14	Town & City	4
Brown (J.)	3½	Mrks. & Spncr	20		
Burton Ord.	35	Midland Bank	40	**Oils**	
Cadburys	11	N.E.I.	10	Brit. Petroleum	38
Courtaulds	10	Nat. West. Bank	55	Burmah Oil	17
Debenhams	14	P & O Dfd.	21	Charterhall	9
Distillers	20	Plessey	19	KCA	6
Dunlop	6	Racal Elect.	20	Premier	6
Eagle Star	45	R.H.M.	7	Shell	55
F.N.F.C.	5½	Rank Org. Ord.	20	Tricentrol	22
Gen. Accident	42	Reed Intnl.	32	Ultramar	65
Gen. Electric	18	Sears	8		
Glaxo	75	T.I.	13	**Mines**	
Grand Met	30	Tesco	17	Charter Cons.	28
G.U.S. 'A'	50	Thorn EMI	55	Cons. Gold	58
Guardian	45	Trusthouse	16	Lonrho	9
G.K.N.	16	Turner & Newall	7	Rio T. Zinc	62
Hawker Sidd	28	Unilever	78		

"Recent Issues" and "Rights" Page 16

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

All signs point to firm dollar

BY COLIN MILLHAM

There was rather more coovic-tion behind the dollar's performance last week, with all the relevent factors cembining ts keep the currency firm. The failure of the Senate to give authority for the raising of the U.S. debt ceiling loomed large in dealers' minds. The $16bn Treasury refunding package unveiled the previous wek was postponed until this week at the earliest, but still depends on the approval of Congress.

Any further delay in the money raising programme is expected to create severe buoching around the end of the month as one set of auctions merges into another. This could create Governmeot borrowing on such a large scale that interest rates are pushed up.

Mooey supply is also expected to be following an upward path, keeping pressure on rates, and contrasting with recent times, when improving money supply had led to a decline in the valne of the dollar from the peaks touched io August. This change of senument was illustrated when a fall of $2.4bo in the M1 announcement of October 28 failed to depress the dollar despite the fact that this was about $2bn more than most forecasts.

Continued tension in the Gulf, Lebanoo and Grenada also lent support ts the dollar last week, particularly on Friday wben news of fightiog between PLO factions, and a bomb explosion in an Israeli military post was followed by a report that Israeli aircraft were in actioo against Palestinian positions.

A surprising piece of newa boosting the dollar and dragging members of the EMS down with a weakening D-mark was the unfolding saga involving one of Germany's larger private banks. Schroder, Munchmeyer Hangst was rescued with a package organised by the Bundesbank. This was because of losses due to dealings with non-banks, and was assumed to involve IBM, a construction equipment group. Soon after, it was annsunced that IBH was applying for court protection from its creditors, and that Herr Ferdinand Von Galen, senior partner of SMH had resigned as president of the Frankfurt Stock Exchange.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 4	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.9688	+2.38	+1.74	±1.5447
Danish Krone	8.14104	8.14996	+0.11	−0.53	±1.6426
German D-Mark	2.24184	2.26246	+0.92	+0.28	±1.0642
French Franc	6.87456	6.88163	+0.10	−0.54	±1.4052
Dutch Guilder	2.52595	2.53540	+0.37	−0.27	±1.4964
Irish Punt	0.72569	0.727156	+0.20	−0.44	±1.6699
Italian Lira	1403.49	1372.76	−2.16	−2.16	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Nov. 4	£	$		£ Note Rates
Argentina Peso	24.10-24.17	16.23-16.26	Austria	27.75-28.05
Australia Dollar	1.6295-1.6316	1.0970-1.0975	Belgium	80.95-81.75
Brazil Cruzeiro	1,944.7-1,951.6	938-942	Denmark	14.19-14.53
Finland Markka	8.4926-8.5200	5.7125-5.7146	France	12.00-12.12
Greek Drachma	141.00-141.60	94.90-95.20	Germany	3.94¼-3.96¼
Hong Kong Dollar	11.58¼-11.60¼	7.797-7.802	Italy	2375-2410
Iran Rial	129.40*	87.20*	Japan	346-354
Kuwait Dinar (KD)	0.4330-0.4335	0.29156-0.29160	Netherlands	4.41¼-4.46¼
Luxembourg Fr.	80.45-80.55	54.15-54.15	Norway	11.00-11.10
Malaysia Dollar	3.4825-3.4925	2.3445-2.3465	Portugal	191-206
New Zealand Dlr.	2.2540-2.2590	1.5175-1.5195	Spain	223¼-236
Saudi Arab. Riyal	5.1680-5.1720	3.4802-3.4804	Sweden	11.64-11.74
Singapore Dollar	3.17-3.18	2.1340-2.1360	Switzerland	3.20¼-3.23¼
Sth. African Rand	1.7285-1.7316	1.1625-1.1640	United States	1.47⅛-1.49⅛
U.A.E. Dirham	5.4596-5.4680	3.6730-3.6735	Yugoslavia	192-211

THE POUND SPOT AND FORWARD

Nov 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4840-1.4890	1.4865-1.4875	0.03-0.08c dis	−0.44	0.24-0.29dis	−0.71
Canada	1.8300-1.8370	1.8345-1.8355	0.02cpm-0.08dis	−0.20	0.08-0.16dis	−0.24
Nethlnd.	4.42½-4.45½	4.44½-4.45½	1½-⅞c pm	3.03	3⅛-2⅞ pm	2.81
Belgium	80.20-80.70	80.45-80.55	6c pm-4 dis	0.15	4-14 dis	−0.45
Denmark	14.23-14.29	14.28-14.29	1.35-2.40ore dis	−1.57	5.30-6.45dis	−1.64
Ireland	1.2700-1.2800	1.2740-1.2750	0.30-0.40p dis	−3.29	1.05-1.15dis	−3.45
W. Ger.	3.94½-3.97½	3.96½-3.97½	1⅛-⅞pf pm	3.40	3⅛-2⅞ pm	3.15
Portugal	187.25-188.50	187.75-188.25	170-450c dis	−19.79	585-1150dis	−18.25
Spain	228.75-229.75	229.45-229.65	230-280c dis	−13.33	735-820dis	−13.55
Italy	2,397½-2,407½	2,403½-2,405½	14-18 lire dis	−7.48	47-50 dis	−8.07
Norway	11.02½-11.07½	11.06-11.07	3.65-4.30ore dis	−4.31	10.70-11.75d	−4.06
France	12.01-12.06	12.05-12.06	2⅞-3⅛c dis	−2.99	11-12½ dis	−3.90
Sweden	11.66½-11.71½	11.69½-11.70½	2.40-2.95ore dis	−2.74	7.70-8.30dis	−2.73
Japan	348½-352½	351½-352½	0.90-0.80y pm	2.90	2.45-2.30 pm	2.70
Austria	27.77-27.95	27.87-27.92	7⅛-6⅛gro pm	3.06	20⅛-16⅞ pm	2.67
Switz.	3.20½-3.23½	3.22½-3.23½	1⅞-1⅛c pm	6.04	4⅛-3⅞ pm	5.11

Belgian rate is for convertible francs. Financial franc 81.30-81.40. Six-month forward dollar 0.54-0.59c dis, 12-month 1.04-1.14c dis.

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 month	6 month	12 month
Dollar	1.4870	1.4875	1.49	1.4930	1.4980
D-Mark	3.97	3.96	3.94	3.908	3.845
French Franc	12.0550	12.085	12.175	12.345	12.685
Swiss Franc	3.2275	3.2125	3.1875	3.1485	3.212
Japanese Yen	362	361.15	348.6	347.2	342.4

BANK OF ENGLAND TREASURY BILL TENDER

	Nov. 4	Oct. 28		Nov. 4	Oct. 28
Bills on offer	£100m	£100m	Top accepted rate of discount	8.8442%	8.8442%
Total of applications	£347.91m	£436.9	Average rate of discount	8.8322%	8.8307%
Total allocated	£100m	£100m	Average yield	9.05%	9.04%
Minimum accepted bid	£97.795	£97.795	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	90%	30%			

THE DOLLAR SPOT AND FORWARD

Nov 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4840-1.4890	1.4865-1.4875	0.03-0.08c dis	−0.44	0.24-0.29dis	−0.71
Ireland†	1.1660-1.1695	1.1660-1.1670	0.26-0.23c pm	2.52	0.73-0.68 pm	2.42
Canada	1.2338-1.2349	1.2340-1.2345	0.05-0.04c pm	0.49	0.17-0.14 pm	0.50
Nethlnd.	2.9770-2.9900	2.9880-2.9900	0.92-0.82c pm	3.49	2.75-2.60 pm	3.58
Belgium	54.00-54.17	54.12-54.15	4½-3c pm	0.83	5-3 pm	0.33
Denmark	9.5835-9.6150	9.6075-9.6125	0.60-1.10ore dis	−1.06	1.90-2.40dis	−0.89
W. Ger.	2.6580-2.6720	2.6680-2.6690	0.91-0.86pf pm	3.98	2.63-2.58 pm	3.91
Portugal	126.30-126.90	126.40-126.70	110-270c dis	−18.02	360-750dis	−17.54
Spain	154.00-154.55	154.25-154.35	150-175c dis	−12.63	470-530dis	−12.96
Italy	1,613-1,618	1,617-1,618	9½-9⅞ lire dis	−7.05	29½-30½dis	−7.38
Norway	7.4250-7.4450	7.4375-7.4425	2.20-2.50ore dis	−3.79	5.90-6.40dis	−3.31
France	8.0545-8.1200	8.1050-8.1100	1.70-1.85c dis	−2.62	6.30-6.80dis	−3.18
Sweden	7.8600-7.8775	7.8700-7.8750	1.35-1.55ore dis	−2.21	3.80-4.00dis	−1.88
Japan	234.65-236.90	236.40-236.50	0.70-0.65y pm	3.45	2.11-2.05 pm	2.52
Austria	18.72-18.76	18.75-18.78	5.90-5.30gro pm	3.58	17-15 pm	3.41
Switz.	2.1550-2.1725	2.1685-2.1695	1.19-1.09c pm	6.31	3.23-3.13 pm	5.87

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Nov. 4	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.709266	0.671033
U.S. $	8½	1.05397	0.848956
Canadian $	9.46	*	1.04819
Austria Sch	3¾	19.7656	15.9137
Belgian F	9	57.0514	45.9688
Danish Kr	7	10.1086	8.14996
D mark	4	2.80693	2.26246
Guilder	5	3.14557	2.53540
French F	9½	8.54190	6.88163
Lira	17	1704.01	1372.76
Yen	5	247.357	200.183
Norwgn Kr	8	7.82948	6.31628
Spanish Pta	—	159.464	130.977
Swedish Kr	8½	8.27898	6.67703
Swiss Fr	4	2.28005	1.83841
Greek Dr'ch	20½	100.819	80.9733

* C$/SDR rate for Nov. 3: 1.30350

CURRENCY MOVEMENTS

Nov. 4	Bank of England Index	Morgan Guaranty Changes%
Sterling	83.2	−7.0
U.S. dollar	128.0	+15.5
Canadian dollar	92.3	+1.1
Austrian schilling	116.2	+3.6
Belgian franc	90.4	−11.4
Danish kroner	79.8	−5.0
Deutsche mark	125.8	+7.2
Swiss franc	160.3	+12.5
Guilder	115.7	+4.5
French franc	67.2	−14.7
Lira	49.8	−11.7
Yen	162.1	+9.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

EXCHANGE CROSS RATES

Nov. 4	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Fran
Pound Sterling	1.	1.487	3.970	362.0	12.005	3.228	4.448	2405.	1.836	80.50
U.S. Dollar	0.672	1.	2.670	256.7	8.107	2.170	2.991	1617.	1.234	54.14
Deutschemark	0.252	0.379	1.	88.66	3.037	0.813	1.120	605.7	0.462	20.28
Japanese Yen 1,000	2.841	4.224	11.26	1000.	34.25	9.169	12.63	6831.	5.215	228.7
French Franc 10	0.830	1.234	3.293	292.0	10.	2.677	3.689	1995.	1.522	66.78
Swiss Franc	0.310	0.461	1.230	109.1	3.736	1.	1.378	745.0	0.569	24.94
Dutch Guilder	0.225	0.334	0.893	79.15	2.711	0.725	1.	540.5	0.413	18.10
Italian Lira 1,000	0.416	0.618	1.651	146.4	5.014	1.342	1.850	1000.	0.763	33.48
Canadian Dollar	0.545	0.810	2.163	191.8	6.569	1.759	2.424	1310.	1.	43.87
Belgian Franc 100	1.242	1.847	4.239	437.3	14.98	4.009	5.525	2987.	2.280	100.

FINANCIAL FUTURES

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	90.07	90.14	90.05	90.21
March	89.66	89.74	89.64	89.81
June	89.34	89.39	89.34	89.49
Sept	89.08	89.14	89.08	89.23
Dec	88.92	—	—	89.07

Volume 2,881 (1,671)
Previous day's open int. 8,147 (7,827)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Dec	90.78	90.82	90.78	90.92
March	90.51	90.54	90.51	90.55
June	90.22	90.25	90.22	90.26
Sept	89.93	89.93	89.90	89.95
Dec	89.59	89.59	89.57	89.69

Volume 628 (1,253)
Previous day's open int. 5,895 (5,682)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	108-00	108-12	107-25	108-15
March	107-19	107-17	107-12	108-00
June	107-01	—	—	107-13
Sept	106-20	—	—	107-07
Dec	106-06	—	—	106-28

Volume 3,063 (2,173)
Previous day's open int. 2,938 (2,863)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 4 to 14 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.4876	1.4884	1.4854	1.4905
March	1.4895	1.4906	1.4896	1.4925
June	1.4920	—	—	1.4951

Volume 154 (577)
Previous day's open int. 1,616 (1,571)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3758	0.3776	0.3758	0.3786
March	0.3799	—	—	0.3828
June	0.3832	—	—	0.3859

Volume 89 (204)
Previous day's open int. 476 (464)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.4635	0.4652	0.4632	0.4673
March	0.4705	—	—	0.4745
June	0.4770	—	—	0.4810

Volume 10 (2)
Previous day's open int. 128 (128)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4242	0.4275	0.4243	0.4289
March	0.4277	—	—	0.4324
June	0.4312	—	—	0.4369

Volume 83 (55)
Previous day's open int. 169 (154)

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev.
Dec	69-31	70-05	69-27	70-14
March	69-12	69-19	69-08	69-27
June	68-27	69-02	68-25	69-11
Sept	68-13	68-19	68-12	68-29
Dec	68-01	68-08	68-00	68-17
March	67-23	67-24	67-22	68-06
June	67-15	67-15	67-13	67-29
Sept	67-07	67-07	67-06	67-21
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Close	High	Low	Prev.
Dec	90.88	91.00	90.87	91.05
March	90.44	90.56	90.42	90.51
June	90.17	90.28	90.15	90.32
Sept	89.95	90.02	89.94	90.06
Dec	89.73	89.81	89.73	89.85
March	89.53	89.60	89.53	89.64
June	89.33	89.41	89.33	89.44
Sept	89.18	—	89.18	89.28

CERT. DEPOSIT (IMM) $1m points of 100%

	Close	High	Low	Prev.
Dec	90.24	90.33	90.23	90.36
March	89.69	89.81	89.68	89.87
June	89.33	89.43	89.33	89.50
Sept	89.04	89.12	89.02	89.20
Dec	—	—	—	—
March	—	—	—	—
Sept	75.30	—	—	74.70

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Close	High	Low	Prev.
Dec	89.75	89.84	89.74	89.89
March	89.31	89.43	89.30	89.47
June	88.99	89.08	88.99	89.14
Sept	88.72	88.81	88.70	88.85
Dec	88.49	88.60	88.49	88.66
March	88.26	88.32	88.30	88.44

STERLING (IMM) $s per £

	Close	High	Low	Prev.
Dec.	1.4885	1.4915	1.4850	1.4895
March	1.4920	1.4935	1.4890	1.4915
June	1.4945	1.4950	1.4930	1.4940
Sept	1.4970	1.4970	—	1.4965
Dec	—	—	—	—
March	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev.
Dec	67-23	68-04	67-22	68-09
March	66-27	67-08	66-26	67-13
June	66-01	66-10	66-00	66-16
Sept	65-11	65-18	65-11	65-29
Dec	64-25	65-00	64-25	65-10
March	—	—	—	—
June	63-30	—	—	64-15
Sept	63-20	63-28	63-20	64-05
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—
Sept	—	—	—	—

WEEKLY CHANGE IN WORLD INTEREST RATES

	Nov. 4	change		Nov. 4	change
LONDON			**NEW YORK**		
Base rates	9	Unch'd	Prime rates	11	Unch'd
7 day interbank	9⅛	−⅛	Federal funds	9⅛	Unch'd
3 mth interbank	9⅜	+1/16	3 Mth. Treasury Bills	8.79	+0.19
Treasury Bill Tender	8.8399	+0.0815	6 Mth. Treasury Bills	8.99	+0.11
Band 1 Bills	9 1/16	Unch'd	3 Mth. CD	9.45	+0.20
Band 2 Bills	9	Unch'd	**FRANKFURT**		
Band 3 Bills	8 15/16	Unch'd	Lombard	5.50	Unch'd
3 Mth. Treasury Bills	8⅞	Unch'd	One Mth. Interbank	5.675	+0.025
1 Mth. Bank Bills	9 1/16	Unch'd	Three month	6.175	+0.025
3 Mth. Bank Bills	8 15/16	Unch'd	**PARIS**		
TOKYO			Intervention Rate	12.25	Unch'd
One month Bills	6.28125	+0.0625	One Mth. Interbank	12.4375	+0.25
Three month Bills	6.34375	Unch'd	Three month	12.4375	+0.1875
BRUSSELS			**MILAN**		
One month	9 5/16	−1/16	One month	17 1/16	Unch'd
Three month	9 9/16	+3/16	Three month	17 1/16	+⅛
AMSTERDAM			**DUBLIN**		
One month	6 1/16	+1/16	One month	12⅝	Unch'd
Three month	6 3/16	+1/16	Three month	12⅝	Unch'd

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills 34 to 63 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week. Band 4 bills 8⅞.

MONEY MARKETS

London very quiet

The London money market had a very quiet week, eveo by recent standards. Interest rates barely moved, although ooce again there was a softer undertone, leading one observer to comment that there was still a hint of lower base rates in the air, but this was hard to justify by looking into the crystal ball.

Provisional money supply figures for mid-October will be realeeased tomorrow, and are not expected to be nearly as encouraging as the mid-September figures, which heralded the last reduction in base rates. There is also no longer any anticipation of lower U.S. interest rates until the New Year, particularly in the light of the delay in raising the U.S. debt ceiling, despite the announcemeot of possible further auctions this week.

This is already baving an impact on the Federal funds rate, which showed a firmer trend, and the situation is expected to grow steadily worse, posibly reachng a head around the middle of this month. Stockbrokers James Capel have pointed out that the U.S. Treasury could be in default on a large bood interest payment due oo November 15, but even assuming this situatioo is not reached the bunching of soctions is likely to push up rates.

Frankfurt's money market was very oervous. Call money was bid for strongly on Monday despite the injection of DM 7.5bn from the Bundesbank, more than replacing the expiring securities repurchase agreement. The market's nerves were given an unexpected twist oo Wednesday with the news about Schroder, Munchmeyer, Hengst, and conditions did not improve after further developments to the story on Friday.

LONDON MONEY RATES

Nov. 4 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	3-9¼	9-9⅛	—	—	9-9⅛	3-9⅛	—	—	—
2 days notice	—	—	9-9¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9¼-9⅛	—	—	—	—
7 days notice	—	9-9¼	9-9⅛	—	—	—	9-9⅛	—	—	—
One month	9¼-9⅛	9⅛-9¼	9⅛	9¾-9⅛	9⅛	9⅛-9⅛	9	9	9⅛	9¾
Two months	9¼-9⅛	9¼-9⅛	9¼	9⅝-9¼	9¼	9⅛	9	8⅞	8⅞	9⅜
Three months	9¼-9⅛	9⅛-9⅜	9¼-9⅛	9⅝-9¼	9⅜	9⅜	9	8⅞	8⅞	9⅜
Six months	9¼-9⅛	9⅜-9⅛	9⅜	9⅛-9⅛	9⅛	—	—	—	8⅞-8⅞	9⅛
Nine months	9⅛-9⅛	9⅛-9⅛	9⅛	9⅞-9⅝	9⅝	—	—	—	—	—
One year	9⅛-9⅝	9⅛-9⅛	9⅝	9⅞-9⅝	9¾	—	—	—	—	—
Two years	—	—	10¼-10⅜	—	—	—	—	—	—	—

ECGD Fixed Rate Export Scheme IV. Average rate for interest period October 5 to November 1 1983 (inclusive) 9.393 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 10⅞ per cent; four years 10⅞ per cent; five years 11 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four months' bank bills 8⅞ per cent; four months' trade bills 9½ per cent.

Approximate selling rate for one-month Treasury bills 9 per cent; two months 8⅞-8 27/32 per cent; three months 8¾-8 27/32 per cent. Approximate selling rate for one-month bank bills 9 per cent; two months 8 29/32-8 27/32 per cent and three months 8⅞ per cent; trade bills one month 9 13/32 per cent; two months 9 13/32 per cent and three months 9⅝ per cent.

Finance House Base Rate (published by the Finance Houses Association): 10 per cent from November 1 1983. London and Scottish Clearing Bank Rates for lending: 9 per cent. London Deposit Rates for sums at seven days' notice: 5½ per cent.

Treasury Bills: Average tender rates of discount 8.8322 per cent. Certificate of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9½ per cent; one-three months 9¾ per cent; three-months 9¾ per cent; six-12 months 10 per cent. Under £100,000 9⅝ per cent from October 6. Deposits held under Series 4-5 10 per cent. The rate for all deposits withdrawn for cash 9 per cent.

INTEREST RATES

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	9 5/16
Treasury bills (13-week)	8.79
Treasury bills (26-week)	8.92

GERMANY

Lombard	5.5
Overnight rate	5.55-5.65
One month	5.70
Three months	6.20
Six months	6.25

FRANCE

Intervention rate	12.25
Overnight rate	12.75
One month	12.4375
Three months	12.4375
Six months	12.4375

JAPAN

Discount rate	5
Call (unconditional)	6.15625
Bill discount (3-month)	6.34375

SWITZERLAND

Discount rate	4
Overnight rate	1½-2½
One month	3¼-3¾
Three months	3 15/16-4 1/16

NETHERLANDS

Discount rate	5
Overnight rate	5½-5¾
One month	5⅞-6
Three months	6⅛-6¼
Six months	6⅛-6¼

$ CERTIFICATES OF DEPOSIT

One month	9.45-9.55
Three months	9.55-9.65
Six months	9.75-9.85
One year	10.0-10.2

LONG TERM EURO $

Two years	11-11¼
Three years	11¼-11½
Four years	11½-11¾
Five years	11⅞-12⅛

SDR LINKED DEPOSITS

One month	8 9/16-8 11/16
Three months	8 13/16-9 1/16
Six months	8 15/16-9 3/16
One year	9 5/16-9 11/16

ECU LINKED DEPOSITS

One month	8½-8⅞
Three months	9⅛-9¼
Six months	9 3/16-9 5/16
One year	9 9/16-9 13/16

EURO-CURRENCY INTEREST RATES
(Market closing rates)

Nov. 4	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	9 1/16-9 3/16	9⅛-9¼	9 1/16-9¼	9 5/16-9½	9 5/16-9½	9 7/16-9⅝
U.S. Dollar	9¼-9½	9⅜-9⅝	9½-9¾	9¾-10	9⅞-10⅛	10 1/16-10 5/16
Can. Dollar	8½-9	8½-9	8⅞-9⅛	9¼-9½	9⅜-9⅝	9 7/16-9 11/16
D. Guilder	5 5/16-5 9/16	5 5/16-5 9/16	6-6¼	6¼-6⅜	6⅜-6⅝	6 7/16-6 11/16
S. Franc	2¼-3	2⅜-2⅝	3¼-3½	4 1/16-4 5/16	4 3/16-4 7/16	4 5/16-4 9/16
Deutschm'rk	5 5/16-5 9/16	5 7/16-5 11/16	5⅝-5¾	5 15/16-6 3/16	5 15/16-6 3/16	6 1/16-6 5/16
Fr'nch Franc	12⅜-12⅝	12¼-12½	11⅞-12⅛	12 1/16-12 5/16	13¾-14	14⅜-14⅝
Italian Lira	15¾-16¾	16½-17	16½-17	17-17½	18-18½	18⅝-19
Belg. Franc Conv.	8¾-9¼	8½-9	8¾-9¼	9½-10	9¾-10¼	10⅛-10⅝
Belg. Franc Fin.	9¾-9¼	8-9¼	8⅞-9⅛	8⅜-8⅝	9¾-10	10-10¼
Yen	5⅛-5¼	6 1/16-6 3/16	6 1/16-6 5/16	6⅜-6⅛	6⅜-6⅝	6½-6⅝
D. Krone	10⅞-11⅛	10½-11⅛	11-11⅜	11½-12	11¼-11¾	11⅛-11⅝
Asia $ (Sing.)	—	—	—	—	—	—

FT LONDON INTERBANK FIXING
(11.00 a.m. NOVEMBER 4)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 13/16	offer 9 15/16	bid 9 15/16	offer 10 1/16

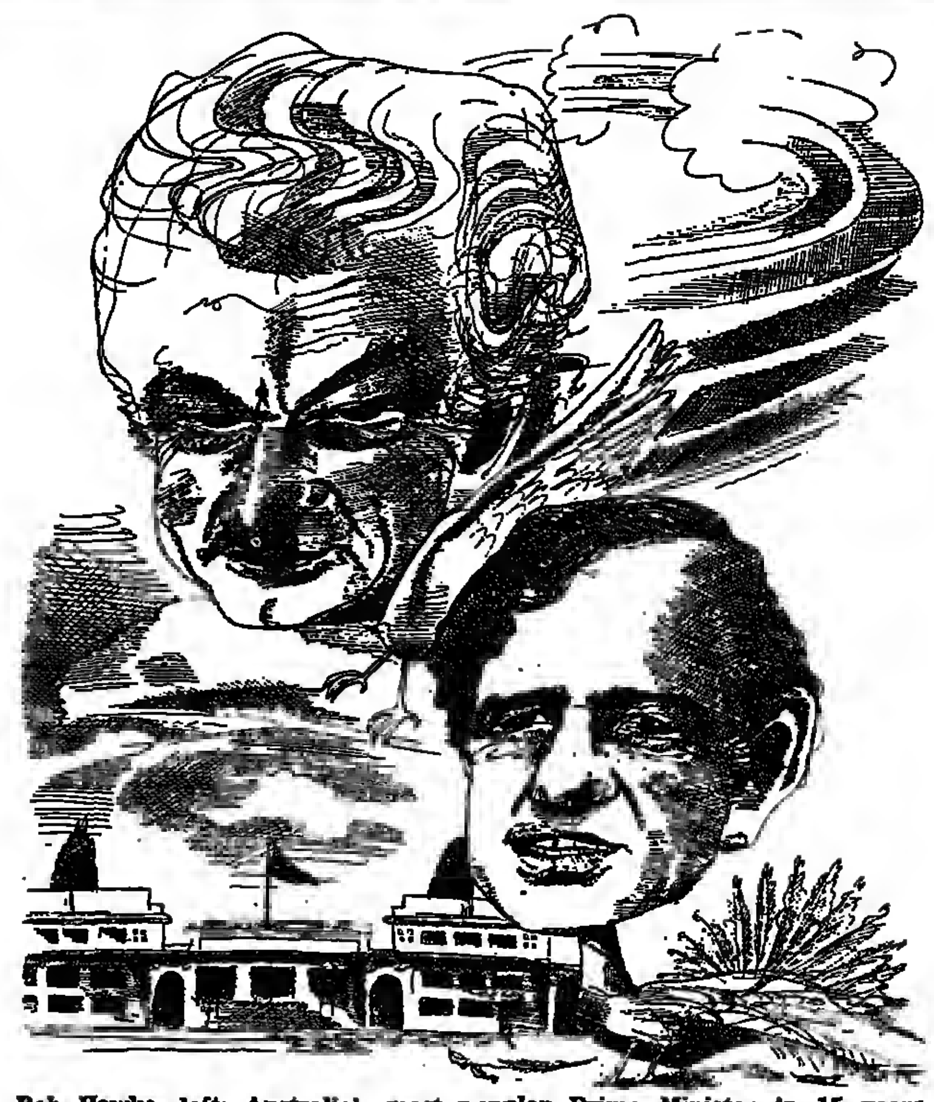
The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

هكذا منذ الأزل

FINANCIAL TIMES SURVEY

AUSTRALIA

Australia is rich in resources, stable and democratic. Moreover, a much more affirmative note has entered Australian life. Yet the country is still looking for a role, and a sense of identity.



Bob Hawke, left: Australia's most popular Prime Minister in 15 years. But for Andrew Peacock, right, leader of the Australian Liberal Party, since the retirement from politics of the former Prime Minister, Malcolm Fraser, last March, it has been a tough period. Following the general election, Mr Peacock has struggled to re-group and revitalise his party—a difficult task, given the current ascendancy enjoyed by the Labor Prime Minister

A nation of contrasts

There are two Australias

The first is a continent almost as big as the United States, close to the growth economies of the western Pacific. It has one of the richest resource bases of any nation, abundant cheap energy and a well-developed agriculture. It is stable and democratic. The population is small, the gene pool rich, the workforce talented. It is a capitalist economy with western values and parliamentary government. The sun always shines.

The second Australia is a nation apart, increasingly isolated from its cultural origins, and suspicious of the countries immediately to its north. It cannot defend itself. Its mission is to "export." It sells wheat, wool and beef and almost every known mineral.

In return, it buys the value-added goods that clever foreigners have designed, as well as their culture and ideas.

It is an industrial museum. It produces 2 per cent of the world's scientific papers and yet achieves only 0.1 per cent of the world's high-technology sales.

By Michael Thompson-Noel in Sydney

In March this year, in a landmark general election, Australians rounded on the conservative Government of Mr Malcolm Fraser, voted him into retirement, and placed their faith, instead, in the hands of a charismatic former union-leader, Mr Bob Hawke, whose Labor Party had campaigned largely on the basis of a single proposition: that the bitterness of the 1970s had to end, and that what was required was "conciliation" and "consensus."

It was a powerful proposition, vigorously accepted. Yet whatever his qualities, the challenges confronting Mr Hawke are numerous and considerable.

There is no shortage of analysis of the Australian problem, the dilemma being that Australia is young (less than 200 years), white, capitalist and Christian, and yet on Asia's doorstep. It is not a part of Asia. Yet it cannot stand apart.

It is said that if Australia had been colonised from Asia—that is, from the north down—Darwin would by now be a major metropolis, and the continent would have been settled in the "normal" manner.

Yet Australia's population, manufacturing and political power bases are clustered in the temperate south, a continent away from Asia, so that northern Australia was seen as a far-away buffer zone between the rich pastoral lands, harbours, coal and gold that first drew Europeans, and the Asia mainland to the north.

Even to-day, Darwin is the only Australian city in which the country's proximity to the teeming markets and growth economies of south-east Asia and the western Pacific can be appreciated. Apart from excellent Chinese, Thai and Vietnamese restaurants, there is nothing remotely Asian about Sydney, Melbourne, Brisbane or Perth, even though the "White Australia" policy is long since dead. The 1981 census showed that of the 3m Australians born overseas, 9 per cent arrived from Asia; a quarter of those born in Britain and a third of those from southern Europe (mainly Italy).

The phrase "tyranny of distance" has long been used to explain the difficulties that moulded the Australian economy. Yet the phrase is outdated, being a complaint related to far-away Europe and the U.S., not the western Pacific.

As nostalgia for Britain waned, American values, consumerism and presidential-style politics moved in, so that the [illegible] tural cringe," a phrase that, when coined, summarised a view that Australians lacked the wisdom and humour of the British, the *savoir faire* of Europeans, or the dynamism of Americans.

Australians were remote, behind the times, culturally backward and derivative, politically crude and socially boring—compared, at any rate, with those who inhabited the northern hemisphere.

In the late 1960s, a much more affirmative note entered Australian life. It was encouraged during the prime ministership of John Gorton, flowered in the Whitlam era, and survived the divisiveness and austerity of the Fraser years.

Dilemma

Australians are increasingly attuned to their physical environment, though its harshness reflects little of Europe. Australian writers and artists are returning from abroad. The film industry flourishes. Opera and dance are heavily subsidised. Yet the cultural dilemma remains. The home audience is small, and conditioned to believe that excellence must be imported.

In foreign affairs and defence, there is a dilemma, too. Ties are strongest with the U.S., but Australia is searching for a much sharper perception of its role in the world, and knows that its ambitions must be regional. Mr Hawke has stressed that Australia must develop wider and more productive relations with the Asean bloc (Indonesia, Malaysia, the Philippines, Singapore and Thailand) and indicated that the credibility of Australia's foreign policy will be severely diminished unless it forges good relations with Asean's most powerful member, Indonesia.

The search for pride, and a role, and a sense of identity, occurs at its most crucial in terms of the economy, which is based on minerals, energy, pastoral wealth (despite the ravages of drought), and a manufacturing sector that is protected, cosseted, and inefficient.

To start with, there was gold and copper, wheat and wool—so much wool that it was seriously asked whether eastern Australia was destined to become "one great sheep-run." In the view of author Donald Horne: "'Export quality' suggested the world outside Australia where all good things went, and from which (as in 'specially imported') all good things came."

Six weeks ago, Mr Barry Jones, Australia's Minister for Science and Technology, embroidered this theme, arguing at an inaugural national technology conference in Canberra that it has come to be taken for granted that the heights of the economy were now foreign-controlled, and that Australian manufacturing capacity was largely for assembly only.

Between 1969 and 1981 the number of large manufacturing establishments fell by a quarter. In any case, says Mr Jones, Australia is an information society already, more people being employed in collecting, processing or disseminating data than work in farming, mining and manufacturing combined.

He says Australia has more hairdressers than steelworkers, but emphasises the importance of not confusing employment-generation with wealth-generation. "In 1972 Australia graduated 100 PhDs in physics. By 1982 that figure was 35. I don't think we can stand too much of this kind of 'progress.'" More broadly, 60 per cent of Australia's 15-to-19-year-olds are

CONTINUED ON NEXT PAGE

On other pages

Bob Hawke: everyone's best mate

TO BORROW from Mark Twain, March was a good month for Bob Hawke, the Australian Prime Minister. So were January, February, April, August, May, June, July, October, and September.

In March, Mr Hawke led the Australian Labor Party (ALP) to a landmark general election victory that not only banished the former Liberal-National Party Government into outer darkness but arguably transformed the face of Australian politics.

Political scene

MICHAEL THOMPSON-NOEL

Since then, Mr Hawke has ruled with authority, spread "conciliation" and "consensus" (his favourite words), made a successful initial foray overseas (where he hobnobbed with President Reagan in Washington and the Queen in London) and visibly enjoyed his first eight months in office.

There have been problems—notably the bitter feud between ALP factions over the mining and export of uranium, a controversy that may not be settled until next year's national ALP conference.

Yet all in all Mr Hawke's first eight months have been remarkably serene. They have demonstrated that Australia now has at its helm a man of extraordinary personality and populist appeal—a larrikin-king with messianic qualities, whose greatest political gift is that he is "everyone's best mate," be it visiting dignitaries, captains of industry, or the man in the bleachers at the Sydney Cricket Ground.

Like most Australians, Hawke is a sports fanatic, as demonstrated by recent shrewd comments on the state of the going for the Caulfield Cup and by his now-celebrated appearance on television in Perth moments after Australia II's America's Cup win, when he roared, beamed, gesticulated widly and bellowed Waltzing Matilda.

Something of his appeal was explained to me, only hours before his election win last March, by Mrs Jeannettee McHugh, now Labor MP for the Sydney seat of Phillip, and seen as a Left-winger: "Perhaps its down to his lack of reserve," she said. "People know he was a knockabout fellow in the pubs; they also know him as a trade unionist. They know, too that he is extremely well-qualified academically and that be loves to get in there and fight."

Bob Hawke is Australia's most popular Prime Minister in 15 years. This was seen in recent electioneering in Queensland, both for the state election and for a federal bye-election, where ordinary Australians, of whatever persuasion, flocked to see him en enthusiastically as they used to flock to see Mr Menzies.

This star appeal has been described by Hawke's biographer, Blanche d'Alpget, who says that even in the 1970s, when be was president of the ALP and of the Australian Council of Trade Unions (ACTU) but had not yet entered Parliament, he moved in an aura of power.

"People hurried to serve him in shops," she says. "Chefs emerged from restaurant kitchens to ask if he were enjoying his food and would prepare dishes, at his request, that were not on the menu. Airline staff shepherded him into VIP lounges. Bowls of fruit and flowers, with a note from the manager, welcomed him in hotels. Artists of variable talent dedicated songs, books and paintings to him.

"Hawke was always immaculately dressed in public; he wore a single piece of jewellery and a gold ring set with a large topaz on his left hand. By his late forties he had grown handsome, much better looking than he appeared to be on television. His face was chiselled with character and his hair was grey, gleaming and luxuriant."

Yet in the rough-house of Australian politics (Hawke once called former Prime Minister Malcolm Fraser a "liar" in the House of Representatives and was allowed to get away with it), he will have to be adroit if he is to succeed in his mission of eradicating what he called the Fraser Government's "politics of confrontation and divisiveness" and championing a "sense of common purpose" — let alone tackling the really big issues, pre-eminently that of economic reconstruction.

In the election campaign last February, Mr Hawke savaged the ruling coalition partners for their "monetarism" and "deficit phobia," as well as their confrontationism which threatened "to poison the very wellsprings of the national life." (Apart from the Whitlam Administration, which foundered in 1975, the Liberal-National Party coalition had ruled for three decades.)

Hawke's strongest election weapon, apart from his own appeal, was Labor's prices and incomes accord with the unions, which remains the key to Labor's economic and industrial policy hopes. "While a properly formulated and instituted prices and incomes accord will overcome all the disadvantages of the simple notion of a wages freeze," it says, "the parties to this accord appreciate that the policies embedded in this document do not pretend to be a panacea for all the current economic problems."

It says the maintenance of real wages is agreed to be a "key objective" (an assertion that originally horrified some industrialists), and laid out the ALP-ACTU case for centralised wage fixation (now in place), with full wage indexation tied to increases in the CPI.

New national wage guidelines are now in force, and Bill Kelty, secretary of the ACTU, said in Melbourne in September that he was confident the unions would undertake not to seek pay increases outside the new system. (The end of the nine-month national wages freeze was condemned by the Confederation of Australia Industry.)

Big question

Whether the unions continue to play ball on wages is a A\$64,000 question, though it should be remembered that Mr Hawke, as ACTU president, won fame in the 1970s as a settler of industrial disputes, even though it has been claimed that the "Hawke charger"—its armour gleaming and closely pursued by the cavalry of the media—generally appeared on the battlefield when the combatants were bloodied, exhausted and looking for any excuse to stop the fight.

However, the Labor-ACTU accord covers far more ground than pay and prices, and is regarded as a blueprint for policy initiatives on taxation and government spending, industrial relations, technology, education, health, and government employment.

There have been some problems for the Government. In its first 100 days the "Hawke Virgins" (newcomers to ministerial office) showed a propensity to blunder, though their mistakes were probably due to inexperience.

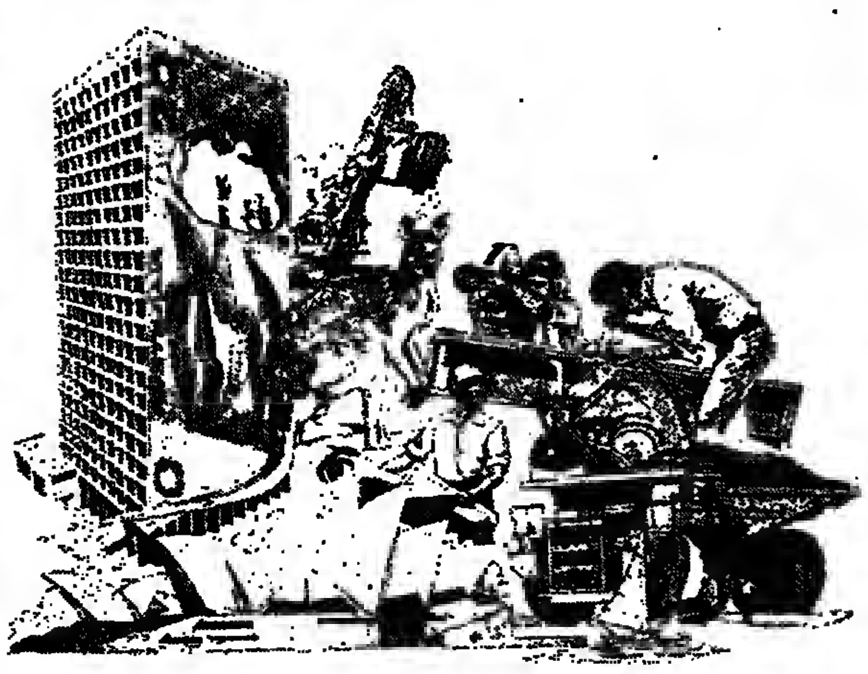
Above all, there is a continuing row within the Labor Party over the future of the uranium industry. The ALP Left wants an end to all uranium mining, whereas Mr Hawke is staunchly pro-uranium.

The issue is important not only for its trade and foreign investment implications but because it concerns the future of one of Australia's richest resource finds, the fabled Olympic Dam copper-gold-uranium discovery at Roxby Downs in South Australia.

A year ago, before Mr Hawke had actually wrested the Labor leadership from Mr Bill Hayden, it was said of Mr Hawke that the arguments for making him party leader and Prime Minister would continue to be his popularity, his urge to achieve national unity and consensus, and his distinctively "Australian" qualities.

The arguments against him were that he is unstable, emotional and lacks intellectual depth and that he was likely to be a bad administrator and thus a bad Prime Minister.

But it was also agreed that these arguments would continue to be heard so long as Bob Hawke was in politics. Such is the fascination of the man.



Indonesian relations prove tricky

ON THE SURFACE, not all that much has changed in Australia's foreign policy since the Labor Government was elected last March.

Outside the Foreign Affairs Ministry and the global wanderings of Labor's former leader, the Foreign Minister, Mr Bill Hayden, the Government has spent much of its time searching for ways of reconciling Labor's party platform with Australia's international interests, rather than vice versa.

This has occurred with domestic policy as well. For example, Prime Minister Bob Hawke's dogged attempts to persuade both MPs and the party faithful that the limited development and export of uranium should be continued, not stopped. But it is in foreign policy that a nimble and pragmatic approach has been most evident.

Foreign policy

COLIN CHAPMAN

Although the Hawke-Hayden team will never please the socialist Left, it is fair to say that in the most important areas of potential conflict — relations with Indonesia, the ANZUS partnership with the U.S. and New Zealand and Australia's Middle East involvement — a reasonable compromise has been reached.

The first task, as Mr Hawke saw it, was to steer Australia away from the concept of a neutral non-aligned foreign policy so heavily canvassed by many Labor politicians and supporters in opposition and also used by the former Prime Minister, Mr Malcolm Fraser, as a major card in his unsuccessful election campaign.

Dealing with Indonesia has proved much more tricky, particularly over the question of recognition of Jarkata's annexation of the former Portugese colony of East Timor, where the deaths of many civilians, the shooting of four Australian journalists, and an appalling civil rights record as charted by Amnesty International, enabled the Labor Party to pass condemnatory resolutions.

The Labor Party's formal policy called for the withdrawal of Indonesian troops, an act of self-determination for the island, and a vote against the Suharto regime in the UN. Its conference last year called for "the inalienable right of the East Timorese to self-determination and independence."

Mr Hawke unceremoniously dumped Labor policy — oddly enough at a ceremony. At a glittering banquet at the Presidential Palace in Jarkata, he commended President Suharto for improving "the conditions of life for the people of East Timor after centuries of colonial misrule," and assured his host that a \$1.5m would shortly be on its way to help with the task.

The Prime Minister's explanation for his action was that circumstances had changed enough to justify adjustment, that Mr Hayden had been able to win some concessions from Indonesia, including the re-opening of a bureau of the Australian Associated Press, and a Parliamentary delegation to East Timor. Large sections of the Party remain unconvinced, however.

Another commitment overturned was that of withdrawal of the Australian peace-keeping force in the Sinai. The troops are still there, but Mr Hayden has been able to persuade the staunchly pro-Israel Prime Minister that Australia should come out officially for an independent State for the Palestinians and allow the Arab League to open an office in Canberra, with the proviso that an immigration screen be provided to prevent it being infiltrated by PLO activists.

The other major foreign policy change of heart has involved Australia's initiative in trying to seek a settlement of the Kampuchea issue. Mr Hayden has carried out two tours of South East capitals and visited Hanoi twice. Both he and Mr Hawke have discussed the issue with Chinese Premier Zhao Ziyang in what must have ben the most unnoticed visit by any Peking leader anywhere.

In the past, Australia, like Japan, has deferred to ASEAN in South East Asian matters, and not taken an independent line. As Mr Hayden's efforts at mediation have intensified, the ASEAN countries have become more openly hostile, to the point where three of the five members, Malaysia, Singapore and Thailand, have criticised Australia publicly for its reluctance to co-sponsor the annual resolution on Kampuchea at the UN.

More recently the Federal Government has been devoting itself to Pacific issues, particularly relations with Japan, and the prospect of a nuclear-free zone in the South Pacific. Australia has proposed such a zone but is unwilling to exclude the movement of nuclear-powered or nuclear-armed ships.

So long as Canberra sticks to this proviso, many of the South Pacific nations see little prospect of building up enough international pressure to compel the French to abandon nuclear testing at Mururao Atoll.

Nation of contrasts CONTINUED FROM PREVIOUS PAGE

in the labour force, against 24 per cent for Japan, 28 per cent for the U.S., 33 per cent for Canada, and 34 per cent for Sweden.

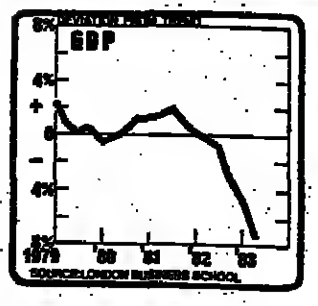
For him, the years-old debate about tariffs, quotas and other measures to succour manufacturing are now beside the point. This is not to say that Labor is ready for bold forays into industrial restructuring, though in many areas, the recession has accelerated the pace of irreversible change.

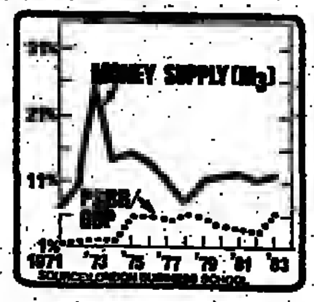
To its credit, the Hawke Labor Government is sharply aware of the changing work and technology environments, and anxious to make up lost ground. Yet the pressure that may crowd in upon the Government—from its relations with Asia, the challenge of constitutional change, and the shaping of an even fairer society—could be such that it has difficulty keeping its eye on the biggest challenge: re-ordering of the economy.

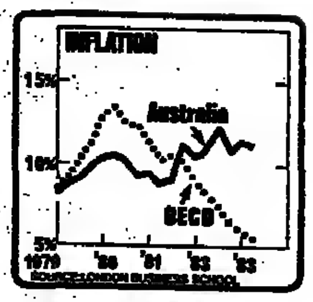
The 1970s were a point of departure for Australia. There was Vietnam, and the political and constitutional crisis of the sacking of the Whitlam Government—in retrospect, a pyrrhic victory for the conservatives, who lost their moral authority. There was confusion, frustration and the reminder, yet again, that Australia's great wealth of resources offered no protection against external trade forces. To cap it all, markets and economies to Australia's Asian north flourished furiously, leading some Australians to wonder whether they were destined to become the "white trash of Asia."

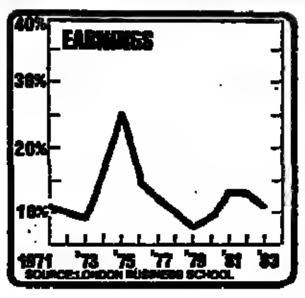
In a recent analysis—The Australian Dilemma: A New Kind of Western Society (MacDonald Futura Australia)—Bruce Grant, author academic and a director of the Australian Institute of Political Science, maintained that, at present, Australian nationalism was assertive because it knew that deeper questions of national integrity were still unanswered.

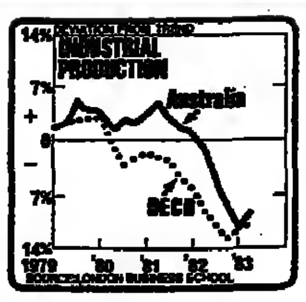
He says that Australia must start adapting to life in its own part of the world in the 21st century. "A modest nation, humane, sceptical in the face of ideology, a trading nation committed to rising living standards, a nation devoted to innovation in science and the arts, uninterested in acquisition but devoted upsparingly to its own protection, would have a contribution to make."

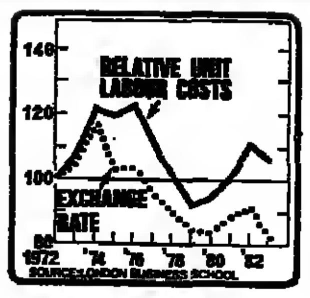


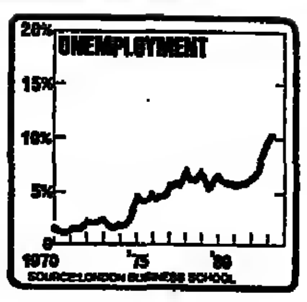












The new Government is still in its honeymoon period. But observers remain sceptical about the medium-term economic outlook, despite a brisk initial recovery.

Early signs are encouraging—but for how long?

Economic prospects

ANTHONY HARRIS

"WHAT we are hoping for," a senior minister told me, "is a charisma-led recovery."

This summary is not only witty—and the Australians, contrary to their self-defensive reputation, crack very good jokes against themselves—but uncommonly penetrating.

If economic success could be achieved by technical management, this most over-managed of all market economies would have an impressive record. It has not; it has been slipping steadily down the OECD league tables for decades and is only beginning to emerge from its worst post-war recession, with a peak-to-trough drop in manufacturing output of over 13 per cent and rural incomes, after last year's drought, at their lowest level for 30 years.

However, the Hawke Government is not meeting this situation with a huge stimulus. It has slightly tightened the policy stance it inherited and is relying on consensus on incomes, better weather and confidence to do the rest.

The early signs are encouraging — though since the new government is still in its honeymoon period, tha evidence is only tentative so far. Mr Hawke's victory was greeted with a rise of nearly a fifth in stock market values; the economic summit produced the desired consensus, and consumer confidence has subsequently begun quite a sharp revival.

Another sign of confidence has not been so generally welcome; foreign investors, after a brief period while they decided whether they faced a Mitterrand or a Callaghan among Socialists, have bid up the value of the Australian dollar to its pre-devaluation effective rate in less than six months.

Forecasts

Economic forecasts based on a devaluation stimulus to profits and activity are already out of date. The small company and farming lobbies are complaining, but the government seems unconcerned, and is probably privately delighted. Having offered wage indexation as the price of consensus — though with the small relief to employers of six-monthly rather than quarterly adjustments — they have effectively neutralised any devaluation stimulus, since the adjustment only works by depressing real wages. They want stability and productivity; the Australian dollar recovery will help.

This is one reason why the financial community remains pretty happy with the new government; the recent budget is another. Not only is the "budget judgment," reducing the implied fiscal deficit from about A$10bn to A$8.3bn, accepted as a sign of responsible management — and the figure was trailed in the financial markets well in advance as an insurance against shock — but the details are welcome, too.

Corporate and income taxes have been left largely untouched; there has been a reshuffling of spending priorities, resulting in a net rise of only A$1bn in the planned total, and the main revenue raising has been done through indirect taxes. The brokers' circulars have been full of words like "statesmanship" and "restraint."

Since the weather gods seem to have joined in the general approval of Bob Hawke — there was a lot of gentle, nourishing rain during my brief visit—the short-term outlook appears pretty firm. The consensus forecast is for a growth rate of 4 per cent during calendar 1984. Manufacturing output is already picking up, but so far only as a result of the end of the inventory cycle. Farm output could jump as much as 20 per cent, and consumer confidence is up.

The main positive government interventions have been to stimulate the construction industry through an injection of housing finance to reviva this depressed market, and an accelerated public sector office programme; output here could rise by as much as a quarter.

The Government has also given enhanced protection to the steel industry, which is at first sight much more questionable. This dispersed market of 15m people can hardly support a steel industry of competitive efficiency and outside advisers such as the OECD have urged Australia to opt out.

However, Australia developed a tremendous sense of geographical isolation during the second world war and still likes to feel that it could fall back on self-sufficiency. Its import ratio of about 15 per cent of goods (or 20 per cent including services) is quite abnormally low for so small a developed economy.

Against this background the steel programme is more understandable; and since the assistance has on this occasion been made conditional on a large investment in modernisation by the proprietors, BHP, and a productivity target, it can be regarded as adjustment and not just protection.

Given the combined effects of the stock cycle, the weather, confidence and public sector investment, the short-term outlook seems secure, to put it modestly. The official forecast of 3 per cent real growth in fiscal 1983-84 (which will close before the Antipodean crops are harvested) has already been revised up to 3½ per cent, and the consensus is drifting ahead of this.

Charisma may help to ensure a second-year follow-through; but for tha medium term, outside observers remain sceptical. Recent bank surveys have all gloomily concluded that the recovery, though brisk initially, will tend to peter out within three years, to be followed by another lacklustre period.

The main problem is wage pressure, which in recent years has acutely compressed profit margins, and thus provoked a collapse in industrial investment, forecast to fall heavily in 1983 for the second year in succession. Australia is not only cursed with a trade union structure modelled on the British craft unions, but has a central arbitration system almost as old as the century, run by lawyers who see it as their duty to protect real wages.

Reputation

Any hope of worthwhile improvement rests firmly on Mr Hawke himself. His reputation as an economist is not accepted uncritically—though since both he and his Treasurer, the astoundingly young-looking Paul Keating, are personal friends of John Stone, the formidable civil service bead of the Treasury, Mr Hawke may find his scope for economic initiative constricted in the friendliest possible way.

However, even his critics agree that no man aliva knows more about the Australian wage determination system. He is publicly urging the arbitrators to give more weight to productivity, and to what the economy can afford, in their judgments, and privately twisting every available arm in the trade union movement which he led until recently to accept such judgments. He is aiming at an Austrian system of co-determination rather than an Italian *scala mobile*.

This is undoubtedly a better way to run a central bargaining system, but it is notoriously hard to put in place. It is even harder in a world of tough, militant unions playing leapfrog within single industries, and seemingly impossible in a system where wages are indexed in the first place. The forecasts are for an early collapse of restraint.

This may be too gloomy. The unions have been genuinely and deeply shaken by their recent experiences. The real wage explosion of the mid-1970s produced such a loss of jobs—which is still continuing in many sectors—that the link between the price of labour and the demand for it is now widely understood; the movement quite willingly eccepted e six-months freeze from Mr Malcolm Fraser, their bitter political opponent, when inflation was still well over 11 per cent. The subsequent 4.3 per cent arbitration award still leaves a noticeable dent in real wages — though its exect size is hotly debated between employers and employed.

Meanwhile, the trends in the economy, as in the UK, undermine the sheer blackmail power of the most militant. The larger companies are still rationalising, merging, closing plants and simplifying product ranges; the growth of the economy is in small enterprises, self-employment and services, where the unions are relatively or absolntely powerless. This kind of experience is sobering in any country.

Deterrent

Moreover, the Government is very determined, if its rhetoric is to be believed. Not only the Government but the official union leadership is astonishingly right-wing by British standards, and talks tough. Ministers have threatened that any union which tries to breach official policy will not only be cut off from the arbitration machinery—and thus from officially-endorsed indexation—but may be de-registered.

This would, in principle, leave it open to poaching by rival unions, the ultimate deterrent in a craft-based system. The trouble is that ultimate deterrents work best when they are not used; militancy might well secure the loyalty of members, and the deterrent would go off with a whimper; the threat is more an index of Mr Hawke's determination than e forecast of likely events.

Finally, on this subject, it must be said that tha revival of indexation is well timed. Inflation is falling, with some not very covert help from Mr Keating; the introduction of Medicare in his Budget will knock e couple of points off the CPI, so that indexed wages will decelerate automatically, and so help further progress.

Mr Hawke, a student of labour relations, is no doubt aware of American experience with indexation. For some years corporate bargainers were delighted to concede so-called escalator clauses just as inflation passed a cyclical peak.

They resulted in lower wage increases that would have been required to buy off union *fears* of inflation; and for this very reason, tha unions tended to lose interest in indexation before the three-year labour contract had expired. Mr Hawke, with a three-year first term, could enjoy the same experience.

It seems reasonable, then, to bring in an open verdict on the question of wage-push inflation at this stage. If growth could be secured simply by achieving e lower rate of price increases within an unchanged monetary target, the medium term outlook might well be much better than is commonly supposed.

Protection

However, there is a great deal more to it than incomes policy, and a great deal more, indeed, than macro-economic management. Tha real obstacles to growth in Australia, in fact, remain quite discouraging.

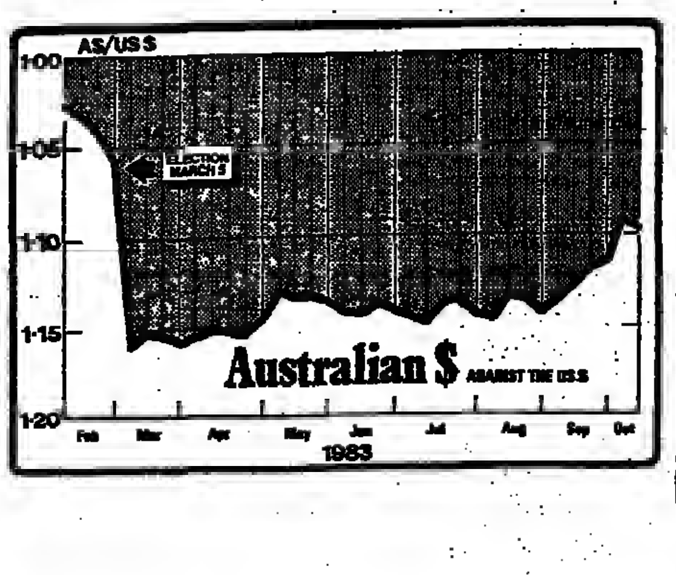
Tha biggest, as everyone in Government is fully aware, is excessive protection, which leads to a gross misallocation of resources—five motor manufacturers, for example, fighting for a market which, even given the huge Australian eppetite for cars, is little more than a third the size of that in the UK.

It would be hard to devise a more perverse policy for an economy which basically exports raw resources and imports manufactures, for it depresses real incomes in the resource sector while restricting consumer choice. A less protected economy would be more dynamic; it would also have a lower equilibrium exchange rate. The persistent foreign inflows, even when the Australian economy is slackest, show bow little the financial markets fear any such sane adjustment of policy.

Secondly, and surprisingly in this buge and largely unspoilt country, there is a strong Green tinge to middle-class opinion, and especially to middle-class Socialist voting opinion, which is hostile to development. The lobbies which have opposed even non-polluting hydro-electric projects in Tasmania, and camp out in Canberra to enforce an official Labour policy to shut down the uranium industry, are a real obstruction to growth.

Growth is not, indeed, a passionate issue even for the less sensitive in this benign environment, where the vast bulk of the population lives within a stroll of a good beach, and the younger unemployed—like the retired—migrate in droves to Queensland to enjoy the surf (thus giving that state quite deceptive statistics). The national vice is not greed, it is gambling.

The Government does want growth, both to prove its own effectiveness and to enable Australia to meet its strategy of e substantially larger population — the country feels dangerously undermanned in the teeming South Pacific. But unless the outside world should impose it through the long-promised but unfulfilled resources boom, dynamism still looks out of reach for Australia, or at best a long-term project.



Where the rule of St Augustine holds sway

Deregulation and trade

ANTHONY HARRIS

THE AUSTRALIAN economy is over-regulated and ought to be liberated. This proposition, so far as trade and finance are concerned, is common ground between both the main political groupings (though they disagree about centralised wage determination). It is also accepted in the official world—the Reserve Bank, the Treasury, the Campbell Commission which reported on the financial system, the Martin committee which is reporting on the findings of the Campbell Commission, and the Industrial Assistance Commission which oversees protection and subsidy and argues against both—and by the academic community and the Press.

Everyone agrees but very little happens. So far as deregulation is concerned, the rule of St Augustine—make-me-virtuous-but-not-yet—seems to be the fundamental one. The reason is simple and obvious: regulations beget vested interests.

Australia has in fact never known the disciplines of a free market. A tendency to regulate nearly everything seems to date back to colonial days (the Commonwealth has always had an abnormally large public sector). The financial system grew up under the disciplines of the sterling area, and the authorities have always been reluctant to take the risks involved in a free float.

There are good reasons for this caution; the economy is too small to constitute a robust currency area, and the exchange rate is heavily influenced by capital flows attracted by every remote possibility of a resource boom. Intervention is therefore backed by exchange control.

The trading system, though radically changed since the days of imperial preference, is designed for something near self-sufficiency, even at the cost of dynamism. Even by this test, however, it is an acknowledged mess. Protection levels vary wildly (reaching well over 100 per cent for textiles, clothing and shoes) and are backed by highly restrictive quotas and technical regulations. Although the manufacturing sector is quite small—less than 20 per cent of the labour force—nearly all jobs in it are vulnerable.

The costs involved are large. Financial regulations, which protect finance for housing, rural borrowers and small companies, probably add 2 per cent to the cost of funds for mainstream enterprises. The protective system is estimated by the AIC to absorb about 7 per cent of household budgets, while yielding a minuscule revenue to the government—this contrasts with a burden of about 4½ per cent for actual indirect taxes.

All this takes no account, of course, of the opportunity cost of the system—the extra output that could be secured if resources were allocated to their most efficient uses and the higher growth rate which would follow. The intellectual case for deregulation is acknowledged to be overwhelming (as witness the fact that all these arguments and estimates are drawn from more or less official Australian sources).

After so many years of large promise and small action it would be naive to expect too much of the Hawke administration but there is no mistaking the air of hope in the financial community that the cautious relaxation of the Fraser era will now be followed up a good deal more vigorously.

There are three good reasons for this: this is a strongly market-oriented Labor Government and the views of the Treasurer are on record in favour of deregulation; the Labor Party is far less beholden to the vested interest involved—housing, small companies and the rural community—than the former Country Party-Liberal coalition; and, perhaps most important, it can be hoped that both inflation and interest rates are trending downwards.

Strong case

This does not, however, suggest a free-for-all. The Martin Committee, which has been asked to report on how far financial freedom is compatible with the Government's economic and social objectives, can argue a strong case on reducing restrictions on internal competition—the preferential loans rates, restrictions on competition for deposits, official rates which often lag events and the like.

It may also decide that two or three new entrants from abroad would render banking competition sharper; preference is likely to go to American and perhaps Japanese banks willing to invest vigorously in establishing a branch network.

However, foreign entry is not a foregone conclusion. The state savings banks may be ready to follow the example of that in New South Wales, energetically led by the son of Mr Gough Whitlam, the former Labor Prime Minister, in providing effective public-sector competition across the board; and as in the UK, the less-regulated building societies and savings banks are becoming near-banks themselves.

An offshore banking centre? Australia banks while the rest of the world sleeps and Hong Kong is demoralised so the possibility is a great talking point in Pitt Street. It does not seem to rouse matching excitement on the government side, but the subject is at least discussed. A price might be some new restriction on the abilities of Australian banks and merchant banks to mobilise, by borrowing, the foreign inflows which are such a headache for monetary policy.

Other restrictions which the banks find thoroughly irksome may well be hard to remove. Required capital ratios are seen as burdensome, but the authorities are understandably pleased with the robust financial health of the system, despite drought, recession and the commodity boom which went away.

Monetary control based on low-return compulsory deposits with the reserve bank, and the requirement to hold a proportion of government paper, would be expensive concessions. The authorities are examining indexation, but with long tongs; they are still trying to influence the money supply and the exchange rate and interest rates—at least one target too many. It seems safe to say that innovation will remain constrained, and the regulatory burden heavy by international standards, despite the wistful free-market thought of Mr Vic Martin and the Governor.

As far as industrial protection is concerned, St Augustine is still firmly in charge; the time, just off the bottom of a deep recession and with unemployment over 10 per cent, is clearly unripe. The Government talks rationalisation and tariff reduction, but mounts protective rescue. A subject for next year—perhaps.

An April Fool's Day to remember

The stock market

VICKY SMILES

MANY AUSTRALIAN stockbrokers expect "blood on the floor" after anti-competitive practices are removed from their once exclusive industry early next year.

When a similar fate befell the U.S. stockbroking fraternity in the late 1970s the number of traditional stockbrokers slumped from 1,300 to 300 within 12 months.

The U.S. experience is not a pleasant thought for the pin-striped brigade currently striding the hallowed halls of Australian stock exchanges.

Only a few Australian brokers have come to terms with their future, and the threat of deregulation. Elsewhere, their lackadaisical attitude is extraordinary.

Reform of the industry will begin officially on April Fool's Day, 1984, with the introduction of negotiated rates of brokerage, initially for orders in excess of A$100,000.

Cut-throat

As a result, cut-throat competition *for the big dollar is* likely to leave some of the smaller stockbrokers (and ultimately the smaller exchanges) with nothing to do as they lose their institutional clients to those that can more effectively offer discounted rates.

April 1 should also mark the dismantling of the industry's "club" type structure. Australia's Trade Practices Commission has given the industry until then to formulate rules of incorporation whereby non-members of the stock exchanges, such as banks and merchant banks, can take equity shares in stockbroking companies.

Whether there will be any equity limitations has yet to be decided.

The ultimate deregulatory process of introducing outsiders into the industry in their own right is a long way off. Nevertheless, there are other moves under review which would substantially broaden the base of Australian stock markets. These include: reintroduction of short selling; the listing of securities of overseas companies; the establishment of a second tier market; and a substantial increase in the volume of fixed interest trading by stockbrokers.

At present, the only foreign stocks listed on Australian exchanges are Placer Development, and Dart and Kraft, both largely for historical reasons.

Australia has more than 100 stockbroking firms (most of which are located in Sydney or Melbourne) but so far only a handful have shown a propensity for change.

For example, even though stockbrokers have been able to advertise their wares since the end of last year, it took at least nine months for the first, very conservative, advertisement to appear, and only one stockbroker, Bain and Co, has ventured into television advertising.

Some brokers are defending their positions against deregulation by appealing to the great forgotten mass of small investors, feeling that if they build up a healthy service-orientated business, they will be less vulnerable to next year's changes, and more attractive propositions for possible joint venture partners.

Unfortunately, having created and enjoyed an attitude of being unreachable by all but the wealthy and informed, the task of pulling in small investors is a difficult one.

It is these, often wealthy, small investors that have caused a revolution in other investment areas such as the unit trust industry, particularly cash management, property and equity growth trusts.

The increasingly popular equity growth trusts, which *invest in the share market anyway*, are drawing in millions of dollars of previously idle cheque account and low-interest money.

Unit trusts which specialise in overseas share markets are also being established, and with the minimum investment in most unit trusts only A$1,000, almost everybody can participate.

Australian stockbrokers seem to be much better at copying rather than developing innovative investment products. For example, it did not take them *long to catch on to* Hill Samuel's pioneering cash management trust, and it will not be long before a number of stockbrokers, led by Potter Partners, have their own set of equity trusts.

Obviously, the big firms such as Potter Partners, Ord Minnett, J. B. Were, and A. C. Goode, will find it much easier and cheaper to diversify than the smaller brokers. But all brokers will have to face the confusion caused by next year's April Fool's Day reforms.

Companies return to profit but keep their feet on the ground

AS CHANCE would have it, I watched the seventh race in the America's Cup challenge round between Australia II, Mr Alan Bond's magnificent great white flier, and Cup defender Liberty, on a television set in a motel room in Ballarat, an old gold-mining town, now lovingly restored, north of Melbourne, Victoria.

It was a memorable vigil.

There, on the screen, was Australia II — a witness to Australian ingenuity and technology, as she was described at 7.40 that morning by Prime Minister Bob Hawke, his arms waving wildly — while outside the door of that motel room, a storm beat the gum trees and worried the graves of old Ballarat gold-diggers.

At Ballarat's Sovereign Hill, there is a reconstructed goldfield where tourists can pan in Red Gully Creek. In the view of author Donald Horne, attempts to reconstruct gold-rush life are part of a general move to create a sense of an Australian past.

"But gold can seem glamorous and freakish," he says. "There was a past Australia in which the mining of more humble metals was also of paramount importance. But that has not yet come through as a strong Australian tradition. Its revival would give a sense of continuity, an 'explanation' of the present with its emphasis on mining."

Although farm exports are still of crucial significance to Australia, and although MTIA (the Metal Trades Industry Association of Australia) says that engineering and metal fabricating employ more than the mining and rural sectors combined, it often seems that Australia has been virtually rediscovered in the past 25 years — the geophysical rather than geographical exploration of the continent having uncovered vast minerals and energy wealth.

It is all there: coal, copper, bauxite, gold, oil, gas, iron ore, lead, zinc, nickel, uranium, diamonds — so much so that the minerals boom of the '60s and '70s, which managed to surmount stockmarket crashes, oil shocks and inflation panics, is seen by Horne as "one of those convulsive economic dramas that changed Australians' view of themselves."

The 'new nationalism' of minerals is still abundantly in evidence, so that city-dwelling eastern Australians who have probably never seen Kalgoorlie or Mount Isa, let alone Jabiluka or Argyle, are likely to hold dogmatic views on Japanese energy needs to 2010, or on the cash price of copper.

At present, almost all Australian mining companies are back in profit after the traumas of last year, though the recovery is fragile at best, given the fall-back in prices for most metals other than zinc and aluminium.

Although Australian mineral and energy products are utterly dependent on U.S. and world trade factors, they have enjoyed a good run this year. Hence the buoyancy on local stockmarkets, which by early September had pushed the metals and minerals index 34 per cent higher, compared with its level last March 4, immediately before the

Natural resources

MICHAEL THOMPSON-NOEL

Australian general election, and had seen the oil and gas index appreciate by 108 per cent.

Since early September (when the markets were teetering near an all-time high), the steam has gone out of the rally, the oil and gas index, for example, falling back by about 13 per cent, and the metals and minerals index by about 17 per cent.

The first seven months of the new Labor Government's rule in Canberra were marked by generally bullish signs: an improved outlook for the U.S. economy; great strength on Wall Street and in London; firmness in the price of gold; strongly improved prospects for the domestic economy; the composure, to date, of the Government itself; the readiness, to date, of the unions to deliver their side of the prices and incomes accord between the Australian Labor Party (ALP) and the Australian Council of Trade Unions; and the recovery in mining profits.

Australia, whose potential has given hope of an oil province that could rival Australia's biggest find to date, Bass Strait.

However, the men who run Australia'a exploration and resource companies have their feet planted firmly on the ground, and much of what they see around them is not to their taste.

Major international trade and demand factors are beyond their control; but at home, in Australia, there is too much uncertainty for them to be sanguine.

Among their concerns are:

● Stability of trade relations. The main concern is Japan, Australia's most important trade partner. Mr Mark Rayner, chief executive of Comalco, the Australian integrated aluminium producer, which for more than 20 years has been involved in supplying bauxite, alumina and primary aluminium to Japan, told a symposium in Japan last month that Japanese forecasts of energy and other resource requirements had proved to be "very optimistic," with the result that excess supply capacity now existed in a number of areas, such as coal and iron ore.

"It would be short-sighted indeed if some consuming companies were tempted to encourage excess supply capacity to depress prices," he said, "even at the expense of their own equity positions.

"If this were to happen, it would seriously affect trade relations between Japan and those countries and companies which have committed substantial investments to supplying the Japanese markets."

● Future relations between the Canberra Government and the unions; prospects for wage inflation; state government demands; Australia's underlying cost structure; and her damaged reputation as a reliable supplier.

● Uranium—seen as the trickiest issue confronting Mr Hawke, given that opposition to uranium mining and export comes from both the left and centre of the ALP.

● Labor's planned resources rent tax, which is not due until at least 1984-85, and is envisaged as a tax additional to company tax that would be applied only after net earnings exceed (a) infrastructural and exploration costs, and (b) a threshold rate of return. In May, Senator Peter Walsh, the Resources and Energy Minister, said the Government had not envisaged a tax on gold, adding: "With oil, we can do almost anything we like."

Recently, it was reported that mine products' share of Australia'a exports in 1982-83 was 37 per cent, against 26 per cent four years ago.

Behind the scenes, the Government is no doubt wrestling not only with uranium, but with all the other issues touched on in an ALP minerals policy paper of May last year, among them, employment, new industries, social disruption, investment allocation, regional planning, marketing, technology transfer, R&D, minerals processing and fabrication, local ownership and control, taxation, the environment, and Aboriginal land rights.

It's a long list, full of headaches, but that seems a small price to pay for the fabulous wealth buried beneath scrub, bush, desert, and ocean floor.

Lead and zinc markets showing improvement

IF WHAT IS good for General Motors is good for the United States of America it is probably also true that what is good for Broken Hill Proprietary is good for Australia.

BHP's usefulness as an indicator of the fortunes of the country's hard-rock mining industry is diminished by its exposure to the steel industry and to oil and gas exploration and production, however.

The best barometer is probably MIM Holdings, which runs the huge Mount Isa silver, lead, zinc and copper mining complex in Queensland. That mine has been in operation for over 50 years, and MIM also produces nickel at Agnew, copper, silver and zinc at Teutonic Bore, and iron ore at Goldsworthy, all in Western Australia.

As such, MIM covers almost the whole spectrum of metals apart from gold and aluminium.

In the three months to September 30, the first quarter of MIM's financial year, the group made a net profit of A$9.99m, well ahead of the A$2.3m earned in the same period last year. The improvement in quarterly earnings since then can be attributed to better prices for copper, silver and zinc, with some assistance from increased sales of coal.

Factors limiting the rise in profits included a lower level of sales of silver, weaker lead prices and sales volumes from the Agnew nickel operations.

But simple year-on-year comparisons can often distort the true picture in the case of a highly cyclical industry such as mining, and that is so with these results too. In the previous three months, the final quarter of MIM's financial year 1982-83, the group made a net profit of A$24.6m, largely because copper prices were at that time climbing rapidly out of the doldrums they had been in for about two years.

Since then, copper prices have fallen sharply in the face of the growing realisation that the current recovery, especially in the U.S. economy, is still based largely on consumer spending,

Metals

GEORGE MILLING-STANLEY

with little sign so far of any follow-through in higher capital spending by industry.

Silver and nickel prices have also fallen below the levels of the September quarter, but there have been some improvements in the lead and zinc markets.

Lead and zinc are of growing importance to MIM, as the group has expanded capacity in both. This augurs well for the longer term, but in the immediate future the group remains too highly exposed to the vagaries of prices in the copper, silver and nickel markets for comfort.

As to the tin market, which affects the fortunes of the Renison division of Renison Goldfields Consolidated and to some extent those of Aberfoyle, Australia is a producing member of the International Tin Council.

Australian producers are therefore bound by the restrictions on exports and the size of stockpiles imposed by the sixth International Tin Agreement.

These controls, and the activities of the buffer stock manager in the world's metal markets, have kept the tin price from falling below the internationally agreed floor price.

But the metal's price is still historically low, which means that the controls are likely to remain in effect for some time. The mines will thus be trapped between the problems of being unable realistically to hope for a higher price while being unable to reduce their unit costs by increasing production.

The iron ore market is also facing severe problems, arising from the steep recession in the world steel industry. Japan is much the biggest market for Australian ore, taking some 55m tonnes each year, and the Japanese steelmakers have been seeking reductions in both the price and the level of deliveries.

The parties reached compromise agreements on both topics earlier this year, but there is little doubt that earnings of the Australian major producers will suffer for some time.

Australian base metal and silver miners are thus facing a wide range of problems, mostly concerning the continued depressed state of metal prices and the inexorable rise in working costs — especially through wage increases.

Exploration spurred by a major new oil find

Oil and gas

MAGGIE FORD

AUSTRALIA'S largest company, *Broken Hill Proprietary*, recently changed the name of its oil and gas subsidiary from Hematite Petroleum to BHP Petroleum, signalling a major transformation in its image as a steel producer.

A few weeks later Australia's new oil major made the most significant oil discovery in the country since 1978 at the first well it had ever drilled. This month it will ship to Hawaii the first-ever cargo of Australian oil to be exported.

If Australia's biggest company mirrors the country's still untapped wealth, the new oil find at Jabiru, 600 km off the north coast in the Timor Sea, could put new momentum in the search for oil. Australia is at present 65 per cent self-sufficient in oil, producing about 373,000 barrels e day (b/d) of which 90 per cent comes from the Bass Strait field between Victoria and Tasmania.

Estimates

To maintain that self-sufficiency the Petroleum Exploration Association estimates that 200m barrels a year, the size of the Jabiru reserves, need to be discovered. This would require the drilling of 250 wells a year at a cost of A$1bn. In 1983, spending is expected to be A$760m at best, with fewer than 200 wells drilled. Development spending is standing up well, however, and is expected to reach A$1.4bn.

Exploration in Australia has increased rapidly since the local oil price moved to parity with the world oil price in 1977, but apart from the Jabiru discovery, only one other has been found of any size — the Fortescue find in Bass Strait. This began to produce *earlier this* year. Explorers have been searching in other areas apart from Bass Strait, making a string of minor discoveries.

Main areas are Cooper and Eromanga and Surat Basin in Queensland, the Amadeus Basin in the Northern Territory, the Canning and Carnarvon Basin in Western Australia, and the offshore North West Shelf, site of Australia's largest energy project involving natural gas.

The Cooper Basin, straddling the border of Queensland and South Australia is "criminally under-explored," according to Mr Alex Carmichael, chairman of Santos, operator of the A$1.1bn Cooper Basin liquid project. Santos plans almost to double its exploration spending from A$36m in 1983 to A$70m next year. Up to A$55m will be spent in the Cooper Basin.

Gas has been piped to Adelaide since 1969 and to Sydney since 1976, *supplying* 40 per cent of Australia's needs. The liquid project involves piping crude oil condensate and the liquids from natural gas down another pipeline to Stony Point near Adelaide, at e rate of 60,000 b/d.

On the Queensland side of the border a pipeline is being built to link with the existing Moonie to Brisbane line and will eventually carry as much as 55,000 b/d of oil to Brisbane. Further finds in the area are expected and the Santos group has agreed to spend an extra A$50m searching for gas reserves to supply South Australia's needs after the state agreed to increase gas prices gradually towards world parity.

Australia's largest energy project, the A$11bn North West Shelf gas venture off the coast of Western Australia, is still dogged by delay on the second phase of the project in which 6m tonnes of liquified natural gas is to be supplied to Japan.

Arrangements have still to be finalised and the delivery date has now been postponed for the third time until April, 1988: contracts have yet to be awarded for the seven LNG tankers that will be needed to ship the gas abroad.

But phase one of the project, under which domestic gas for the Western Australia State Energy Commission will be sent to Perth via a 1,500 km overland pipeline to Dampier, is nearing completion on schedule.

The offshore production platform at North Rankin Field was installed last year and the 135 km undersea pipeline to the Burrup Peninsula was completed.

The joint venture, owned by Woodside Petroleum, Shell, *BHP Petroleum*, BP and Calasiatic has contracted to supply the State Energy Commission with 10.9m cu metres a day of gas for 20 years from October, 1984.

Woodside has also had two other significant gas finds in the area recently — one at the Wilcox I well on the Shelf and the other at Scott Reef in the adjoining Browse Basin. Reserves at Scott Reef could add significantly to those at the North West Shelf.

Barrow Island

In Western Australia the Barrow Island oilfield continues to provide Australia's second largest output — 8m barrels a year. Two significant discoveries were made earlier this year by the Wapet Consortium (Texaco, Carasiatic, Shell and Ampol) with gas and condensate at the North Gorgon I well and oil at South Pepper, both in shallow water.

At the Blina oilfield in the Canning Basin, production which should reach 800 b/d has begun. The oil will be sent by pipeline to e nearby highway, trucked to the coastal town of Broome, and shipped down the coast by tanker to a refinery near Perth.

But the best hope lies in the Jabiru area, where the geological formations are similar to the North Sea. The rock is different from that of the North West Shelf further south and is fortunately less likely to be "gas prone," es Australia is over-endowed with reserves of natural gas.

The new oil find, plus the sanctioning of the first oil exports from Australia, has turned the spotlight on to the policies of the Labor Government which took office earlier this year. Proposals for a resource rent tax have caused some disquiet in the industry.

The resource rent tax is intended to cover all mineral and energy projects, but because onshore projects are subject to a mixture of taxes levied in particular by the state governments, the Federal Government will be able to act immediately only on offshore ventures where it has sole taxing rights.

It proposes to replace the existing crude excise next year with a resource rent tax and is consulting industry on what form the tax should take.

The proposals have caused alarm at Esso/BHP which claim that it is a tax on their Bass Strait Fortescue discovery. At present this find attracts no excise because of the "new" and "old" oil policies under which oil discovered since 1975 is not subject to tax. It was introduced to encourage exploration.

"With a resource rent tax, Jabiru might never have been drilled," said Mr Bryan Griffith, BHP's exploration general manager. The tax is also thought in the minerals industry to be directed at the Utah Coalmines, which BHP is negotiating to purchase for *U.S.$2.4bn.*

Senator Peter Walsh, the Resources and Energy Minister, agrees that a resource rent tax would produce more revenue than taxes on production, but he points out that the sector generally would prefer a profits tax to a production tax. Doubting that the Fortescue field would remain untaxed for long, whatever the colour of the party in power, he says that one company's interests "cannot be allowed to stand in the way of a more equitable system."

To solve the problem of providing an incentive for exploration, the tax proposed would allow a company to offset spending on failed exploration projects against production revenue, at least in part. For those companies not earning from oil production, losses on exploration could be "solved" to a company which could claim the deduction.

Argyle offers glittering prospects

Diamonds

MAGGIE FORD

YOU HAVE to hand it to Mr Brian Burke, Premier of Western Australia. Last month, without spending a cent of the taxpayers' money, he acquired a 5 per cent interest in the world's lergest diamond mine, worth A$42m, and likely to generate a cash flow for the state's coffers of more than A$270m by the year 2007.

"A brilliant piece of realpolitik" was the description offered by one of the Argyle mine's joint venture partners. The mine is owned 56.8 per cent by Northern Mining. The of Rio Tinto Zinc, 38.2 per cent by Ashton Mining and 5 per cent by Northern Mining. The latter had been bought only a few months ago by the enterprising West Australian Mr Alan Bond, whose success in the America's Cup yacht racing series has made him the darling of the nation.

While Mr Burke appears to have done well out of the deal, many observers in Australia feel that Mr Bond has nothing to be npset about either. The state government was eble to buy into the project through a cunning arrangement thet the joint venturers might admit gave them no choice.

Tha mine site is in the Kimberley mountains in the remote north west of Australia. When in full production it will employ around 400. Looking at the social problems and industrial disputes which tend to afflict remote mining towns in Australia, the joint venturers proposed to the state government a plan to fly the mineworkers to and from Perth, leaving their families based in the city, in a pattern followed with great success by most oil companies on remote projects.

The state government saw its chance and demanded that in return for not providing a mining town on site and infrastructure development, the joint venturers should pay A$50m in advance royalties (taxes the state governments levy on resource projects). It used A$42m of this to buy the 5 per cent interest held by Northern Mining.

The advance royalties, being an interest-free loan to the Government, mean that it is getting its stake for the equivalent of A$27.5m less than if the royalty payments had been received in the normal way. Analysts suggested thet the state would get a rate of return of 14 per cent a year after tax and the payment of Northern Mining's share of royalties. Northern Mining will pey its share of the prepayment of royalties (A$2.5m) before the Government takes over the company.

The advantages of the deal for Mr Bond seem to lie more in correcting an earlier error than in a successful financial coup. When the Bond Corporation bought Northern Mining from Endeavour Resources for A$42m earlier this year, the share price of Ashton, the joint venture partner placed a value on the Bond Corporation's 5 *per cent of only A$26m. A$16m* less than had been paid.

Viewpoint

Given the Bond Corporation's long-running difficulty in meeting interest payments and the necessity to come up with its A$22.5m share of the development costs of the Argyle project, while having to wait two years for any cash flow, observers suggest that Mr Bond may have been more than happy to take the money and run.

The joint venture partners expect business as usual with the Government which has said that it plans to leave the management of Northern Mining and the marketing arrangements for the diamonds intact. One of the attractions for the Labor Government was the separate arrangements made for selling Northern Mining's 5 per *cent share of the diamond* production.

Although the Argyle mine will add about 50 per cent to world production when it comes on stream in 1986 with an annual output of about 25m carats, the quality of the diamonds is low and they will edd only about 4 per cent to world value. The result of this flood of industrial diamonds on to the market was a matter of great concern to the world market when the mine was discovered *a few years ago.*

Eventually the two senior partners, CRA and Ashton, decided to sell their production through the Central Selling Organisation of South Africa's De Beers Consolidated Mines, thus allowing some regulations over the majority of the new diamonds. Northern, however, opted to sell its 5 per cent share through an Antwerp dealer, Baruslanian Frères, in the hope of gaining a higher price.

They did so, mainly because they were able to cut out commission payments. That, and the opportunity to evoid dealing with the South Africans, will be welcomed by Mr Burke'e administration.

Approval for Phase 2 of tha mine, which was granted at the same time as the Government announced it was taking a stake, will involve the construction and development of the AK1 kimberlite pipe, expected to produce 3m tonnes of ore, yielding 25m carats or 5 tonnes of diamonds a year.

A treatment plant will be set up on site and a construction workforce of about 1,000 will be needed over 2½ years. The second phase of development will cost A$300m, bringing the total so far to A$450m.

Short-term mining of alluvial deposits from the area began this year to provide a cash flow for the project and give marketing skills as quickly as possible in a new industry for the country. Most of the financing for Phase 2 has already been completed, although pressure on Ashton Mining to complete its package was a factor in tha partners' decision to go along with the state government's proposals.

Four U.S. banks were asked by CRA in August to raise US$235m for its share and Ashton announced at the end of last month that it was making a A$14m share placement to raise part of its contribution, along with a rights issue to raise A$56m.

The share issue will have the offer effect of reducing the holding of Malaysia Mining Corporation, the tin-mining company controlled by the Malaysian Government, in Ashton. MMC's 50.1 per cent holding had stimulated demands by federal and state-governments that the company move gradually towards Australian control. As MMC will not take part in the new share issue, the percentage of the foreign holding will be reduced.

Although the boom in diamond prices has dissipated recently, it is clear that this project has not lost its glitter. In eiming to take its first stake in Western Australia's mineral resources in perhaps the most glamorous project of them all, Mr Burke has demonstrated not only a well-developed sense of personal style but a keen nose for a good bargain.

Argyle *diamond quality* is low by world standards, but AK-1 reserves are of exceptionally high grade. With production of 25m carats, Argyle is forecast to make the following increases in predicted 1985 natural diamond supply:

Increase in World Supply

	Carats %	Value %
Gem	8	2
Cheap gem	25	16
Industrial	75	60
	48	4

A major push back into minerals and resources

Profile: BHP

MICHAEL THOMPSON-NOEL

DESPITE ITS size, influence and stern public image, Broken Hill Proprietary (BHP) has a human side, as shown at its recent annual meeting at Melbourne's Dallas Brooks Hall.

Sir James McNeill, BHP's chairman, spoke of a "goodly attendance" and said shareholders would be welcome, after the meeting, to join him for "a cup of tea."

He also fielded a number of shareholders' questions that ranged from the surreal to the bizarre. One woman, dressed in splendid finery, told him that not a single "pipsqueak" from the media had cottoned on to the fact that unemployment among BHP coalminers in New South Wales had been caused by the state Government's importation of lethal natural gas.

That BHP is heavily involved in natural gas production had escaped this shareholder. But not, of course, Sir James, given the marked change of direction that BHP is now taking.

At present, 80 per cent of BHP sales (though certainly not its profits) are in steel or steel-related areas, a dependence it is seeking to reduce, as a result of recent steel losses (A$144m in 1982-83) and the huge volumes of cash it has poured into the steel-making centres of Newcastle, Port Kembla and Whyallah, to say nothing of the odium of workforce sackings.

To reduce its dependence on steel, BHP is funding a major push back into minerals and resources. (BHP was formed almost 100 years ago at the town of Broken Hill—Silver City—in the remote far west of NSW, springing up around a fabulously rich outcrop of silver, lead and zinc pegged out by the legendary Charles Rasp.)

As part of its push back into resources, BHP is spending freely on exploration, with efforts directed mainly to the search for copper, lead, zinc, silver, gold and oil and gas.

It is also buying back a major piece of the farm with its planned US$2.4bn acquisition of Utah International from General Electric of the U.S.

BHP says the acquisition will greatly extend its involvement in international resources. Utah's non-Australian interests, including coal mines, in New Mexico and Kentucky, a copper mine in Vancouver Island, an open-cut iron ore mine in Brazil, and various undeveloped properties in the U.S., Chile, South Africa and Indonesia.

Utah's main asset is extensive coal deposits in Queensland, which have yielded GE some very large profits. Because of these profits, and its ability to sell Australian coal more cheaply than most other mining companies (Utah's mines are all open-cut), it was said last year that "Utah's public standing is probably lower than that of any other company in Australia."

In the late 1970s Utah was dubbed the "blackest name in coal," despite shallow public relations manoeuvrings such as the Utah Foundation. This was set up to distribute funds to one and all, from zoologists to Aborigines. Under BHP's wing, however, it should be possible for Utah to live down its unpopularity.

In recent months, BHP has worked hard at the formation and financing of a consortium that would own Utah's Queensland mines as well as BHP's own coal interests in Queensland.

The financing, for up to US$1.125bn, will be provided by a group of about 30 banks from Australia, Japan, the U.S., the UK, Europe and Canada.

Originally, BHP planned to merge the mines owned by Central Queensland Coal Associates (CQCA, 68 per cent owned by Utah) with those operated by Thiess Dampier Mitsui Coal (58 per cent owned by BHP), and others.

To "facilitate negotiations," the TDM mines were later excluded. But BHP will manage the consortium, and plans to hold a substantial equity interest.

It is calculated that the price tag per 1 per cent stake in the enlarged coal group being formed by BHP in Queensland is A$28.5m. How close to the mark that is remains to be seen, but it is assumed that other partners in the consortium will include UMAL Consolidated, Mitsubishi Development, and the Australian Mutual Provident Society, which already have varying stakes in CQCA.

Whatever the consortium's final makeup, the Utah acquisition should stimulate BHP's profits and confirm its standing as a major international resources concern.

Sir James McNeill said: "The timing (of the Utah purchase) is seen by some as adding to our difficulties. But we are buying long-term assets and taking an appropriately long-term view of markets."

BHP's minerals profit in 1982-82 was A$50.9m (+78 per cent). Apart from coal, interests include iron ore (Mt Newman, and Cockatoo and Koolan Islands), manganese (Groote Eylandt), gold, nickel and alumina, its stake in the 20 per cent-owned Worsley alumina project in Western Australia costing A$220m.

BHP also has 30 per cent of the U.S.$1.8bn Ok Tedi copper-gold project at Mt Fubilan, in the western jungles of Papua New Guinea.

Easily the most dramatic aspect of BHP's push back into resources of late has been its emergence as a major oil and gas concern, and its discovery—as operator—of a potentially lucrative oil field in the Timor Sea, off northern Australia.

At BHP's annual meeting one shareholder tapped his hearing aid and snorted through his whiskers when Sir James McNeill spoke of concern about the Government's proposed resources rent tax. By all "reasonable standards" the present take by way of excise, royalties and tax "must surely represent a maximum," he said.

Despite their concern over the proposed rent tax, Australia's resource companies can draw solace from the knowledge that Labor's Treasurer, Mr Paul Keating, was formerly its spokesman on minerals and energy and has a reasonably clean understanding of the subject.

Oil wells in the Timor Sea, multi-billion coal deals, copper and gold prospecting in the steamy Papuan highlands—Charles Rasp *would* have been surprised.

BHP at a glance

BROKEN HILL Proprietary (BHP) is Australia's largest industrial company, with interests in mining, minerals processing, steelmaking, oil and natural gas, and manufacturing.

Founded in 1885, it now has 177,000 shareholders. It is largely Australian-owned and is fully controlled by Australians.

In 1982-83, group net profit was A$253m (down 31 per cent), the steel division incurring losses of A$144m. But good profits were seen in minerals, and oil and gas. Sales revenue in 1982-83 was A$4.5bn. The dividend was held at 40 cents a share for a payout of A$133m.

Raw steel production at BHP fell 26 per cent to 5.3m tonnes in 1982-83 (the lowest since 1965). Group employment fell 22 per cent to 56,000.

The BHP share price has recently been buoyed up by prospects of a major oil discovery in the Timor Sea, off Northern Australia. BHP is also negotiating to buy Utah International (which has a major portfolio of international resource interests) from General Electric of the U.S. for around U.S.$2.4bn.

Optimistic medium-term outlook

Coal

COLIN CHAPMAN

A REPORT last month from the U.S. Government's Accounting Office for a Congressional committee provided the flavour for the cut-throat nature of the Pacific coal trade this year.

Australian coal has sold cheaply in world markets, said the report, because of unreliability and inflexibility of supplies, themselves the product of frequent strikes and Government interference.

If it cared, the Australian coal industry would dispute this claim. Strikes and industrial disputes that were very much the pattern 18 months ago have all but disappeared.

Congestion in the seaports, particularly the New South Wales export port of Newcastle, has come to an end, as new facilities come on stream; and the $311m new coal loading facility in Newcastle will become operational in February, four months ahead of schedule and below cost.

The Australian industry has undergone considerable rationalisation as new, more accessible, open-cut mines have opened, and operations suspended as uneconomic underground pits mines. As for Government interference, the most common complaint one bears is that the local dollar has been allowed to crawl too high — the kind of comment that was heard not long ago in the U.S.

Considering the depressed state of the international economy, particularly in the steel industry, the performance of the Australian coal industry has been fairly impressive. Industrial peace, better shipping conditions, and cuts by Japanese buyers in spot coal purchases from other sources have combined to lift Australian coal exports to a record 55.5m tonnes, surpassing the previous record of 47.1m tonnes.

Joint Coal Board figures show that steaming coal exports totalled 16.5m tonnes, an increase of more than 7m tonnes. Coking coal exports rose slightly to 38.9m tonnes.

But in market share Australia has done well. Share of the Japanese coking coal market rose to more than 47 per cent in the latest six-month accounting period. In the same six-month period last year Australia's share was only 35 per cent. In the steam coal market Australia supplied more than 58 per cent of Japan's supplies in the six months to June, compared with just over 43 per cent in the same period last year.

This recovery, despite the worldwide coal recession and Tokyo's decision to cut back on contracted tonnages, led New South Wales to achieve a record export tonnage of 29.14m tonnes on a 12.9 per cent increase in production to 67m tonnes in the financial year to June 30.

The upward trend in the Australian export trade has continued into the present financial year, as have efforts to diversify export markets to Europe and other Asian nations. Total coal shipments in the first six weeks of the financial year were running at a record 7m tonnes, compared with 5.7m last year.

The U.S. Congressional study also expects Australia to do well, so that by 1990 Australian cost-competitiveness both in Japan and Europe should increase, largely as a result of high American land and sea freight costs.

Despite this optimistic medium-term outlook, prospects in the immediate future are poor, mainly because prices for both coking and steam coal have been under pressure, and many mines remain barely economic. It is all very well having record exports, but they have been chasing much lower prices; 1983 contract prices from Japan fell an average of 20 per cent for coking coal and 15 per cent for steaming coal.

The remainder of the financial year is likely to see more underground mines closing, more lay-offs, and more companies reporting losses. Yet depressed world markets have not stopped some of Australia's largest companies from pressing ahead with expensive developments. MIM Holdings has just opened its Oaky Creek mine in Queensland, which is the first step of a A$1.1bn diversification programme that will lift coal output from 1.1m tonnes to 9.3m tonnes by late 1985.

Analysts predict a 'huge potential output'

Eastern goldfields

GEORGE MILLING-STANLEY

GOLD is central to the fortunes of the town of Kalgoorlie, Western Australia. Indeed, the metal is the reason the town was founded, for it was there that Paddy Hannan, an itinerant prospector of Irish origins, made the initial discoveries of what was to become Australia's biggest goldfield by far.

That was back in 1893, and the area prospered for many years. The Golden Mile, as the district between Kalgoorlie and its near-neighbour town of Boulder became known, accounts for almost half of all the gold ever produced in the country.

Towards 1950, however, there was a marked falling off in activity, partly because the gradual depletion of the high-grade reserves on which the area depended and partly because the price of gold was fixed internationally at a level which made all but the very richest and most efficient mining operations uneconomic.

All but a few the mines closed their doors. Mount Charlotte, situated at the northern end of the Golden Mile, was the most important mine to stay in production throughout the slump, partly with the help of American money from Homestake Mining of the U.S., which now has a 48 per cent stake.

The freeing of the gold price from its artificially imposed shackles, and a wider understanding of economic methods of exploiting large but low-grade gold ores derived from experiences in the south-western U.S., have now combined to revive interest in the Eastern Goldfields, the name by which the area around Kalgoorlie is known.

Several of the old gold mines have been re-opened or greatly expanded, notably the Paringe leases in joint venture between Australia's big natural resources group CSR and Hampton Gold Mining Areas of the UK, and the North Kalgurli mine, now controlled by Metals Exploration.

These mines are now in production, with further expansion planned in the case of North Kalgurli, and all made a contribution to the jump in Australia's gold production last year. A further rise is expected when figures for the current year are announced.

Of far greater potential significance is the large number of prospects outlined in the area over the past year or so. For some time now, many of Australia's junior exploration companies have been putting together blocks of mining leases, usually bought from individuals or small groups of people, to form areas of reasonable size for exploration purposes.

The first of these to come to the attention of the British investing public was Carr Boyd Minerals, a survivor from the nickel exploration boom of the late 1960s.

This aroused a considerable amount of share market interest. So did the next big find to be announced, the discovery by Pancontinental Mining of several million tonnes of ore grading around 4 grammes of gold per tonne, all accessible by relatively cheap open-pit methods.

Pancontinental's discovery was made around the site of an old Paddington Consols mine, where operations ceased suddenly and dramatically in 1903 when Whittaker Wright, chairman of the ultimate holding company, was arrested in London and charged with fraud.

Wright committed suicide by taking a cyanide pill in the dock at the Old Bailey during his trial.

Pancontinental has already outlined two big orebodies at the Paddington site, and outside studies have suggested a capital cost of around A$40m to bring these deposits into production at an annual rate of 1m tonnes of ore to produce just under 100,000 oz of gold a year.

The project geologist at Paddington was Chuck McCormack, a young Canadian, tried to persuade Pancontinental to extend its leases northwards. But the company's managers felt they already had their hands full and turned the idea down.

McCormack then contacted Samantha Exploration and Samson Exploration, two sister companies which were beginning to show an interest in the Kalgoorlie area. They followed his advice and helped him to set up his own company, Electrum Resources, which retains a 30 per cent interest.

This area, known as Broad Arrow as it includes an old tavern of that name, is now the scene of an intense exploration effort. The joint venture partners hope to complete their programme of drilling and feasibility studies on the 10 prospects so far outlined by the end of next year, and thereafter it is possible that more than one open-pit mine could go into production at the site.

Likely costs for the production of an ounce of gold at Broad Arrow would be around A$120, which still leaves plenty of margin at the current gold price of about US$400 per ounce.

Another famous mine to be revived recently is called the Sons of Gwalia, further north near the Harbour Lights discovery at Leonora. This mine originally began production in 1896 and its first manager was Herbert Hoover, later President of the U.S.

After lying dormant for 20 years, Sons of Gwalia attracted the attention of a group of investors who are planning to reprocess 6m tonnes of waste material in surface dumps at the mine site. The new owners are also carrying out further exploration into the possibility of starting a new open-pit mine if sufficient reserves can be proved up.

Impressive achievements so far

Profile: North-West Shelf Project

MAGGIE FORD

WHEN the Japanese make an error it need not be Japan that suffers. Five years ago, estimates of the country's probable energy needs later this decade led eight gas and electricity companies to sign a letter of intent to buy liquefied natural gas from Australia.

The signing was the key to the start of one of the most ambitious, remote and expensive energy projects in the world—the A$11bn North West Shelf natural gas project. The companies who own the project are still waiting for the Japanese to make formal purchase agreements and the delivery date has slipped back two years to April 1988.

Realisation in Tokyo that the international recession and conservation measures had reduced demand for electricity to a growth of only about 17 per cent a year, instead of the previous 5 per cent, cast doubt on the necessity for the 36m tonnes of liquefied natural gas (LNG) that Japan had arranged for the 1990s.

The North West Shelf is down for 6m tonnes of this. From the Japanese point of view, *this was clearly a case* for the back burner while everyone waited to see whether the general economic outlook improved.

The waiting period is proving most irksome for Woodside Petroleum, which holds a 50 per cent interest in the joint venture, along with BP and Calasiatic (Chevron) with 16⅔ per cent each and Shell and Broken Hill Proprietary with 8⅓ per cent each. Woodside, the operator of the project, aroused admiration for its cheek several years ago when as a small company it went to the Euromarkets for a U.S.$1.4bn syndicated loan to finance the first phase of the project.

That phase, to supply domestic gas to Western Australia, is proceeding well but the delays to phase two, in which investment to build a fleet of at least seven LNG tankers, terminal facilities and a gas liquefaction plant will be needed, have caused Woodside to reconsider its exposure.

Although Woodside would not have been involved in shipping or marketing the LNG, it decided last year that a rearrangement of the joint venture was desirable under which it would retain its 50 per cent interest in offshore production, reduce its investment, in tho onshoro LNG plant and extend its participation into the marketing.

Suggestion

Woodside approached Mitsubishi and Mitsui, the two Japanese trading houses, with the suggestion that they jointly take a one-sixth interest in the LNG plant. Shell and BHP had indicated that they would be prepared to increase their direct participation in the plant to 16⅔ each, by acquiring from Woodside an 8⅓ per cent interest each, giving six equal partners for the second phase of the project.

The restructuring plan has now become inextricably linked with negotiations about LNG sales with the Japanese, according to the joint venture partners. Assurances from Tokyo that the project will go ahead have been constant and although the 1988 date is said to be firm, clearer signs are still probably needed in Tokyo that recession is over.

Meanwhile, Phase 1 of the giant project, not dependent on Japan, is rocketing along. When the gas was first discovered in 1971, 135km off the coast of Dampier, Woodside and its then partners decided to construct a platform offshore, with a pipeline to an onshore gas treatment plant. The Western Australian State Energy Commission, which is to buy the gas, was to build a pipeline from Dampier to Perth.

By the middle of this year, 83 per cent of this part of the project has been completed. The huge jacket for the platform, weighing 23,000 tonnes, was built in Japan, towed south and anchored to the seabed. Another huge structure to support the flare was made in Adelaide, towed across the Great Australian Bight and up the coast.

The undersea pipeline from the platform to the shore was joined up in April and the treatment plant is proceeding on schednle to start production next Jone. This phase of the project will cost A$2.1bn.

The State Energy Commission has completed balf the 1,500 km pipeline to Perth, laid in some of the most inhospitable of Australia's ontback country. It, too, has been hit by problems with gas usage and advised the joint venture participants last year that it would like to exercise its option to delay the starting date of long-term contract supplies.

Agreement was reached early this year on a number of adjustments and the first cash flow from the sale of gas and condensate will begin in the third quarter of next year, a source of great relief to Woodside.

Now that the major construction and development phases of the first phase of the project are nearing completion, Woodside has turned its attention to the running of the project in production. The company is hoping to avoid the social problems and industrial disputes that have dogged the iron ore mining towns in the surrounding Pilbara area by good planning from the start.

Tho workforce of 110 on the offshore platform will "commnte" from Perth, where their families will be based, on a two-weeks-on/two-off basis. This system has worked well on other remote energy projects. The 140 staff on shore will live in *the nearby town of Karratha* (population 9,000) where most of the people work for Hamersley Iron or Dampier Salt, the other two companies operating in the area.

To accommodate them and their families, Woodside has built 139 four-bedroom houses, mixed in with existing houses to avoid the "compound" concept, and 20 flats. Gardens are planted with attractive native plants which need little water and the rental charged is only A$35 a week. Air-conditioning (temperatures can reach 140 degrees F) and 1,000 kilolitres of water are supplied free.

Facilities

The joint venture is spending A$60m on improving water supplies, roads and the airport and on facilities in Karratha, including schools, a hospital, a library, and facilities for sports and children's day care.

The achievements and planning of the project so far are impressive; and even if the proposals for Phase II are "premature as one senior Australian Government official put it, It seems that by about 1995 demand for LNG will he back on course.

When Woodside asks for finance for its part of the $A8.8bn needed for the rest of the project, it seems likely that this time it will attract attention for more than just its cheek.

Oil venture nearing completion

WHEN THE great bubble of the Australian resources boom burst it was not surprising that the partners in the Cooper Basin oil and liquids project did not hear it.

Not only is the project so far from anywhere in the far north east of the state of South Australia as to be beyond ear-shot, little would have been audible above the clang and grind of construction, pipe laying and drilling as development pushed ahead of already tight completion schedules.

The $1.4bn project, the most expensive on-shore development ever carried out in Australia, is now a little more than six months from completion, although the crucial pipeline, oil and initial condensate production phase is only months away from its first anniversary. The pace of the development is quite breath-taking with the go-ahead on the liquids gathering and processing scheme decided early in 1981.

Pipeline construction began in January, 1982 and the first shipment of liquid hydrocarbons was shipped from Stony Point, 659 kms from the Moomba processing base, in February this year. The total project involves the development of 14 new gasfields and six new oilfields besides the five gasfields already supplying domestic gas to New South Wales and South Australia as well as the associated processing plant.

Cooper Basin project

LACHLAN DRUMMOND

The early part has been devoted to tapping oil and condensate fields which looks like producing a total of 2m barrels of condensate and 6m barrels of oil for shipment this year, generating revennes of more than A$250m.

Once the liquids recovery plant at Moomba and fractionation facilities at Stony Point are complete by mid-1984 the stripping of the liquids from the gas will see the project turn out 5m barrels of condensate, 6m of crude oil and about 500,000 tonnes of hutane and propane (liquefied petroleum gas).

A recent five-year 1m tonne contract with the French Total group, complementing a 1.25m tonne five-year deal with Idemitsu of Japan, has assured markets for all of the lpg output, part of which has been reserved for domestic South Australian demand.

For the present, the ethane output will be reinjected for ground storage until a market is found.

Completion of the project is expected to see gross revenues from the Cooper Basin jump from A$140m from domestic gas sales in 1982 to around A$500m this year and to more than A$1,300m by 1986, with pre-tax earnings up tenfold from 1982 to A$650m by 1986.

Shift in metals marketing pattern

Profile: MIM Holdings

LACHLAN DRUMMOND

FOR A brief period earlier this year MIM Holdings ranked as Australia's largest company as measured by market capitalisation, adding another superlative to a string of national and world "higgests and bests" held by the company.

The woes of the copper market have since sliced $400m from its capitalisation, while oil for BHP and aluminium for CRA have lifted these to their more natural positions at the top of the market tree and left MIM at number three.

That its market valuation should change so much underlines its sensitivity to base metal prices in general and copper in particular and that its massive expansion in coal is only now coming on stream with a consequent lull before earnings begin to flow from this source.

MIM's $1,250m push into coal—designed to lift it from annual production of a little more than 1m tonnes and nominal exports to approaching 9m tonnes of mainly export steaming and coking coal by 1985-86—is aimed to give it a broader resource base and to provide more stable earnings.

The past five years to June 30, for example, produced net earnings of up to $204m in 1979-80 with the nadir of a $10m loss recorded in 1981-82. This was the first loss for MIM since it achieved profitable trading in 1937 after opening production of silver-lead-zinc ore in 1931 and serious copper ore extraction in 1953.

Quality

The long-term earnings record serves to underline the quality of the company's ore body at Mount Isa and the efficiency of its operations, as well as the severe contraction in metal prices experienced in the recent past, and explains its drive for coal.

Its 79 per cent-owned coking coal venture at Oaky Creek moved to its initial production rate of 2.25m tonnes this year with the first train shipment in March, two months ahead of schedule. Its European partners in the venture are committed to contracts of 1.7m tonnes a year while Japanese contracts total 500,000 tonnes.

Its mainly domestic Collinsville coking-steaming mine, is due to begin deliveries under a 1m tonnes a year 15-year contract to Japanese mills early next year with expansion facilities nearing completion while the Newlands project is on target to reach its 2m tonnes a year production of export steaming coal by mid-1984, although contracts for all the output have yet to be concluded.

MIM is obviously concerned by the competitive pressures from South African, Canadian and U.S. producers and has been pushing hard to have rail freight charges for its Queensland output reduced to the much lower levels available in its major competitor nations.

A recovery in coking coal demand is expected to accompany world economic recovery while steaming coal use is expected to steadily increase to absorb current overcapacity.

In the steam coal area, MIM is looking to the Pacific and Asia for much of its future growth. *This trend is also* evident in its base metals marketing thrust. As part of this thrust the company has established a marketing base in Singapore and boosted its overseas representation.

This comes as MIM has undertaken a fundamental shift in the marketing pattern for much of its hase metals ontput, which remains the area with the greatest earnings significance to the group.

In copper, with an output of around 150,000 tonnes a year, it accounts for two-thirds of Australian output and almost 3 per cent of the world total, while in silver it is the world's largest single producer, a by-product of its position as the world's largest lead producer.

As its lead-silver ore from its Mount Isa mine also contains zinc it has a significant presence in this area, and late last year hought a half share in Metallgesellschaft's Ruhr-Zinc refinery and a one-third stake in Rhine-Zinc (a zinc metal fabricator) in the group's first downstream move in this metal.

The move has proved timely, *given zinc's recent strong* price performance, and also includes a long-term supply contract which will eventually assure a huyer for almost one-third of MIM's expanded 330,000 tonnes a year of zinc concentrate capacity.

Capacity

This is an important element given that a traditional buyer of roughly 40 per cent of its output—the Australian EZ Industries—has cut back its buying to almost nothing following the bringing into production of a new lead-zinc mine of its own.

Japan remains as the main market for MIM's zinc concentrate, some 90 per cent of which is now exported. The sharp rise in zinc capacity from Mount Isa from 220,000 tonnes a year *of* concentrate is a flow-on from steps to increase its lead processing capacity by a fifth to 180,000 crude tonnes, completed in August 1982, which also added substantially to its output of silver contained in the crude lead (463,000 kgs in 1982-83).

With this additional capacity *MIM has moved to develop* toll refining agreements with Japanese smelters for output excess to the needs of its own refinery at Northfleet in the UK.

First sales from these agreements were achieved recently. Although MIM has no problems in sustaining its copper ore extraction rate at around 5m tonnes a year and silver-lead-zinc at the increased 3.6m tonnes/year rate, it is actively pursuing the development of deeper copper ores at Mt Isa—down to 1,800 metres compared with current operations betweent 700m and 950m—which present challenges for advanced mining techniques.

For lead-zinc-silver ore it is expected to hring the nearby Hilton deposit on-stream in 1990 to supplement the Mt Isa ore body.

Investors' love-hate relationship

London investment view

KENNETH MARSTON

NOT TO put too fine a point on it, there is something of a love-hate relationship in the London investment view of Australia — not all that far removed, perhaps, to attitudes regarding cricket and beer.

Most of the British investment is directed to tha Australian natural resource stocks. It has grown greatly in recent years to tha degree at which issues such as Western Mining, CRA and MIM Holdings have become as familiar to the UK investor as many of the UK blue chip equities.

This is not the case with many North American resource stocks, for instance. Exploration company promoters in Vancouver cannot hope to match the efforts of their Sydney counterparts when it comes to tempting UK investors to put up money for new share offerings.

Curiously, it was the ill-fated nickel exploration boom of over a decade ago that was largely responsibla for whetting the Londoner'a appetite for a share-revitalised Eastern Goldfields of Western Australia by companies such as Carr Boyd Minerals. It is thought, with some justification, that the old gold mining area holds the market gamble and also for creating a greater understanding of the potential of the proven natural resource stocks Down-Under.

Many fingers were burned in that boom when shares of Poseidon soared from a few shillings to a dizzy £124 each only to crash back to earth with a resounding thump; ironically, Poseidon was among the very few companies that managed to find a worthwhile nickel deposit in that exploration rush.

These days the speculative play is in gold and energy issues. New company names have appeared by the dozen and even some of the old nickel exploration companies have come out of the woodwork, as optimistic as ever, as they now search — probably again unsuccessfully in many cases — for the more fashionable targets.

To be fair, the speculative sharemarket is far less wild than it was in the "Poseidon days" and, indeed, the exploration companies have achieved a much greater degree of success in the field.

A good example of this has been in the highly encouraging discoveries made in the potential for some nine or ten small new mines.

London's love of Australian investment has not only survived the emergence Down-Under of a Labour Government but also has strengthened as the administration of Mr Bob Hawke has, so far, adopted a reasonable attitude to the investor.

But not all is sweetness and light. Shares of many of the leading Australian natural resource companies are selling on price-earnings ratios that are looking unjustified in the light of the sluggish movements in metal prices which have yet to respond to world economic recovery.

Tax hurdle

Then, too, the market has yet to face the hurdle of the expected Resources Rent Tax which could be brought in next year. Such a tax could provide the basis of a more sensible tax system but, of course, much will depend on the terms on which it is levied.

In the meantime, London is becoming concerned at what appears to be a growing move on the part of Australian companies to favour domestic financial institutions. This arises out of tha understandable desire Down-Under to retain domestic control of natural resources by limiting overseas investment to under 50 per cent.

The view here is that if London has put up risk capital then it should also be given full participation when further share placings are made on favourable terms. Western Mining, for instance, attracted a good deal of criticism in London when it recently raised A$123m (£75m) via a placing of shares below the market price exclusively with Australian financial institutions.

Furthermore, the company has proposed alterations to its Articles of Association to ensure that foreign shareholders may not control more than e total 40 per cent of the votes. The problem that arises is that with foreign ownership now in the region of 34 per cent, future non-Australian buyers may run into difficulties if their share purchases, inadvertently lift the overall total above 40 per cent.

Ashton Mining, a partner in the big Argyle diamond development, has also caused disapproval here with another exclusively Australian share placing which, in tha words of one London firm of stockbrokers, "gives tha lucky local institutions an instantaneous, risk-free profit, which will do nothing to enhance the country's investment image abroad."

Such irritations, however, tend to be sorted out in the mature course of time. They may have arisen out of a lack of full communication between Australian company directors and London investors. Given an improvement on this score a better way may be found to implementing what is, after all, a reasonable Australianisation policy.

There are more important considerations for the future of investment in Australia. Before, and eveo during, the world recession tha country seemed to be attempting to reap the benefits of a mineral boom before it had come about.

This illusion collapsed under the weight of excessive wage increases, poor industrial relations and over-ambitious taxation. The result is that much of the country's competitive edge in mineral export markets has been eroded.

As Mr Max Roberts of Renison Goldfields Consolidated has put it: "The world does not owe Australia a living. The cutters of the cake must help with the baking . . . we could command a far larger share of the world market if we recognised and overcame our self-imposed burdens."

There are signs that this realism is growing, especially on the part of the Labor administration. The hope is that a strengthening of this process and of world demand for minerals will be matched by a sustained fondness in London for Australian investment as the country gradually realises its exciting mineral potential.

A gamble pays off

Aluminium

COLIN CHAPMAN

THE QUIET Frenchmen who have come to live in the green banks of the Hunter River, oo the edge of the New South Wales wine country, have every reasoo to be pleased with themselves.

Ahead of schedule, their A$650m aluminium smelter at Tomago, seven miles north of Newcastle, will export its first aluminium just as the market turns up.

A local community that had actively opposed the construction of the smelter at public inquiries less than three years ago is now showing its gratitude as the plant manager, M Jean-Louis Dupont, supports local causes and attends French soirées.

The Tomago Aluminium Company, 35 per cent owned by Pechiney, 35 per cent by CSR, and 15 per cent by the AMP Society, is about the only organisation offering oew job opportunities in a region that before the recession was the most buoyant in Australia.

Six bundred people, many of them laid off from BHP's Newcastle steel plants, are learning new skills. Another 300 will hava joined by next year.

While Pechiney and its partners pressed ahead with Tomago, its gleaming blne-and-silver-painted building containing oew and still secret equipment, all but one of the eight other aluminium smelters conceived during the 1980-81 resources boom hava either been abandoned or are still on the drawing board.

The latest episode involved Alcoa's decision to invoke a clause forcing the Victorian State Government to find other equity partners for its proposed A$1bn smelter at Portland, after $360m had already been spent.

Alcoa and the Victorian Government has now diluted to 25 per cent each their planned involvement after a long and at times bitter wrangle with Premier John Cain's Labor Government over power prices.

But across the border in New South Wales, Tomago will be producing 230,000 tonnes of aluminium e year, mainly for export. It will earn Australia some A$390m, three times the amount of foreign exchange that would be gained by selling the alumina and coal used in the process.

M Dupont has no donbt whatever that his plant will operate at full capacity, whatever the state of the aluminium market. "We have a very efficient operation," he says.

With aluminium prices now exceeding the £1,040 a tonne, the Australian Governmeot must wish that others had been prepared to take the same kind of gamble as Pechiney and CSR. Had all the planned and proposed smelter projects gooe ahead, Australia by the mid-1980s would have had 1.4m tonnes of aluminium production capacity.

As it is, the capacity will be around 710,000 tonnes, with expansion of another potline at Kurri Kurri, New South Wales, adding a further 45,000 tonnes in the next few years.

Even without this expansion, Australia is the world's largest supplier of alumina, providing more than a quarter of global supplies. As the Western economy gathers strength the industry is set to expand. Australia has the world's largest bauxite mining industry, with 18 per cent of known resources.

But alumina refining has been hard hit by the fall io world productioo of primary aluminium from 12.46m tonnes in 1981 to about 10.69m tonnes last year, and planned Australian expansioo has beeo severely curtailed.

Alcoa's $320m alumina refinery at Wagerup, in Western Australia, has beeo laid up. The company now says it hopes to commission it next February, when it will produce 500,000 tonnes a year. Also coming on stream in Westero Australia is the Worsley joint venture, where BHP, with a one-fifth stake, bas already contracted to sell half its share of the output.

Controversy hotting-up

Uranium

MICHAEL THOMPSON-NOEL

ALMOST surreptitiously, uranium has become Australia's 10th biggest export earner, with sales in 1982-83 worth A$360m. It is still far behind King Coal (A$3.1bn), of course, and easily trails major rural earners like wool, meat and wheat.

Nevertheless, at A$360m, Australia earned more from uranium last year than from copper, zinc, or dairy products — which casts new light on the bitter uranium controversy at present being waged in Australia.

Recently, Mr Doug Anthony — leader of the National Party and a former deputy Prime Minister — lambasted the Labor Government in Canberra for prevarication over uranium, and claimed that Australia's still-fledgling uranium industry had been thrown into confusion by Labor's official, and flatly contradictory, platform on uranium.

He was echoed, in October, by Senator Don Chipp, leader of the Australian Democrats, who bitterly opposes uranium mining and says the nuclear issue is oow "far bigger than any other question that we face."

Despite vociferous opposition, it is unlikely that the Government would dare wind down the uranium industry, given the trade and investment fears that sucb a move would spark.

Indeed, the Prime Minister, Mr Bob Hawke, is pro-uranium, and has declared that developmeot of the massive Olympic Dam copper-gold-uranium-silver find at Roxby Downs, in South Australia, will proceed — come what may.

However, alleged foot-dragging on uranium by the Government has been one of the most cootroversial features of its first eight months in office. The reason tha Government has still not spelt out a crystal-clear policy oo uranium lies in part with the confused, rambling and contradictory nature of official party writ on the subject.

Formal Labor policy categorically states thet a Labor Government will declare a moratorium on uranium mining; repudiate existing sales agreements; and "give total commitment to preventing any new mines from being developed during our period in office."

Applications

However, Labor's platform also states that it would "consider applications for the export of uranium mined incidentally" to other minerals, which is taken to exempt Olympic Dam, even though Olympic Dam may well be uneconomic but for its uranium.

For this reason, anti-uranium demonstrators, whose ranks include Labor Left-wingers, conservationists, and a sprinking of Aboriginal land rights activists, have concentrated recently on Olympic Dam as their No. 1 target.

This has not pleased the partners, Western Mining Corporation and BP Australia, given that potentially, Olympic Dam is thought to harbour six times as much copper as the giant Mt Isa deposit in Queensland; more than twice as much uranium (1.2m tonnes) as any other known find in the world; plus very large quantities of gold and silver.

The Olympic Dam project (likely cost: A$1.7bn) is unlikely to start production before 1990. However, the anti-uranium lobby's recent concentration on Olympic Dam has temporarily obscured the fate of other uranium projects in Australia.

Only two mines are producing at present—Ranger and Narbarlek, both in the Northern Territory. Yet Australia is the world's greatest store-house of low-cost uranium, possessing "reasonably assured" and "estimated additional" resource of 683,000 tonnes recoverable at less than U.S.$80/kg U—more than those of the U.S., Canada, or South Africa, and equal to nearly a quarter of the West's estimated resources in these categories.

This is without counting Olympic Dam. Indeed, the Bureau of Mineral Resources in Canberra estimates there to be a 75 per cent probability that Australia has undiscovered potential (speculative resources) of more than 2.8m tonnes, and a 50 per cent probability that the figure exceeds 3.9m tonnes.

Export policy

Because uranium mining has been slow to develop in Australia—partly as a result of the very tough export policy adopted in 1977—projects whose future is currently in doubt include Jabiluka and Koongarra, which like Ranger and Nabarlek are in the East Alligator River area of the Northern Territory; Honeymoon and Beverley, in South Australia; Ben Lomond, in Queensland, and Lake Way and Yeelirrie, in Western Australia.

Jabiluka alone has an estimated 200,000 tonnes of uranium oxide, plus 11m grammes of gold. Its projected life-span: 25 years. At Yeelirrie, where Western Mining has a 75 per cent stake, estimated reserves are 40,000 tonnes.

Apart from emotionalism and sentiment, tha uranium debate in Australia remains clouded at present by shadowy discussion of the likely rato of nuclear power plant construction abroad; likely movements in the uranium spot price, supply trends, demand patterns, etcetera.

For its part, the industry argues that — given rigorous safeguards—the commissioning of new mines should be decided by market forces.

Yet whatever the controversy's background, it is now said that as a result of vacillation, Australia is regarded by some potential customers as a uranium supplier of last resort.

"In fact," says one expert, "Australia seems determined to shoot herself in the foot at every step. Neither developed resources nor a reliable supplier image have fully materialised."

In the view of Mr Paul Everingham, Chief Minister of the Northern Territory: "The major aspect of uranium in Australia—leaving aside jobs, A$1bn worth of investment money and Aboriginal aspirations—is that it gives us a chance to influence to the good the most vexing problem of all: world peace and nuclear arms.

"We can waive our impotent diplomatic fists at the French endlessly over their (nuclear) tests on Muroroa Atoll with little effect at present. But if we were their major and most staple supplier of uranium we could exert considerable leverage, not only on testing, but on their Pacific policy generally.

"The alternative, it appears, will be to worsen our relations not just with France, but with the whole EEC.

"Similarly . . . our uranium industry has the capacity to give us weight, out of all true proportion to our population and economy, in world affairs."

Long-awaited production boom

Agricultural production

DENNIS SHANAHAN

DURING last year's Southern Hemisphere summer, the fertile agricultural belt of eastern Australia was seared for the fourth drought year in a row. Although Australian farmers have lived with drought for generations, even the best-prepared found it difficult to deal with the drought with which the 1980s started.

In some catchment areas, rainfall last year was the lowest recorded for more than a century, while dust storms regularly blacked out country towns.

In New South Wales, Australia's largest farming state, only 10 per cent of the land was not drought stricken and people in some small towns were rationed for drinking water only.

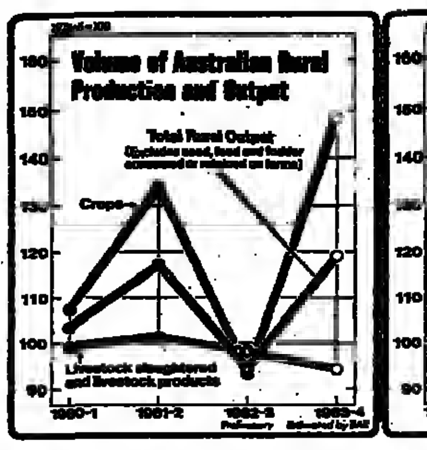
Every agricultural product was drastically affected: the national wheat crop was halved, wool production fell by 2 per cent, rice was baled for cattle feed when irrigation water ran out, oats and barley production was halved, cattle and sheep numbers fell and parts of the cotton crop were ploughed into the ground.

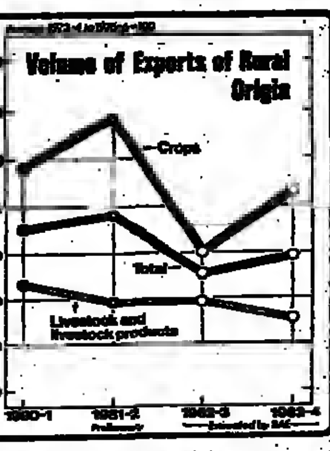
As a result, rural production in 1982-83 fell 50 per cent in real terms to a net A$2.3bn compared with the already drought-depressed level of 1981-1982.

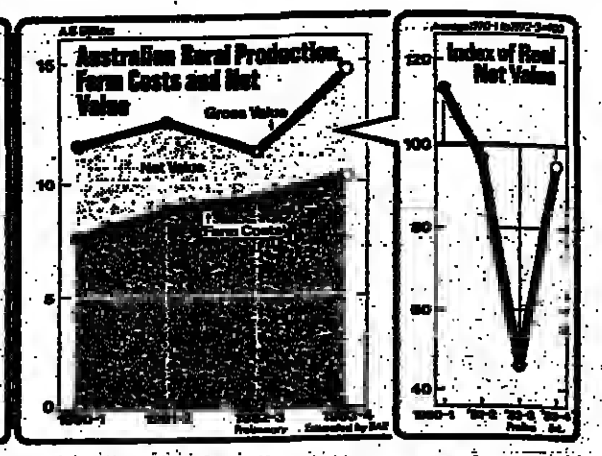
Farmers' annual incomes slid from about A$10,000 to A$2,092, causing slumps in all rural service industries, particularly farm machinery. Federal Government fodder subsidies for farmers—the first comprehensive attempt to keep the national herd and flock intact during a prolonged drought—were running at A$30m a month.

Then in March this year it rained and rained and rained, so that Australian agriculture is now facing a production boom.

According to the Bureau of Agricultural Economics (BAE) in Canberra, the 1982-83 wheat crop, essential for any rural recovery because it offers a quick, guaranteed cash return to farmers, will be a record 19m tonnes, compared with a crop last season of 8.9m tonnes.







In New South Wales alone, wheat production is expected to jump six-fold from less than 1m tonnes to a 7m tonne record. Record oats and barley crops are also expected, giving Australia an expected record winter cereal production of 25.6m tonnes—an increase of 14m tonnes on last year.

Wheat cheques will put at least A$2bn into the hands of farmers at the end of the year, under the system of a guaranteed minimum price of $150 a tonne from the wheat marketing authority, the Australian Wheat Board. But, as the Minister for Primary Industry, Mr John Kerin says, these increased earnings will only return farm incomes to normal.

"The real net value of farm production will rise 107 per cent in 1983," says Mr Kerin. "Gross value will be up 30 per cent to A$14.7bn, but this substantial improvement in performance will only return aggregate farm incomes to normal levels."

The NSW Minister for Agriculture, Mr Jack Hallam, said there was "a tremendous change of morale among primary producers and there is now a mood of great optimism."

Other problems

Mr Vic Cooper, a 73-year-old stockman at Bathurst, in central New South Wales, said the last four years of drought were the worst he had ever seen. "But now it's green all over and where it's not green it's ploughed ready for more planting."

Mr Mike Hunt, a grazier who has been on the land all his life, thought he was lucky to survive the drought. "I've just rented another 600 acres to grow lucerne. Noise, dust, diesel bills and banking diplomacy are once more the norm. It's a challenge I like to have."

But even as the rural boom gets under way once more, it is clear that the drought was not the only problem facing Australian agriculture. Poor commodity prices, rising farm costs and the recent steady revaluation of the Australian dollar are just as threatening to rural income as drought. Beef and lamb exports are already facing serious competition on world markets from subsidised New Zealand and EEC products.

Australian lamb is being sold on the domestic market at less than production cost and the beef herd is not expected to recover from the drought for at least another five years. During that time New Zealand, Canada and Argentina are expected to fight even harder for an increasing share of Australia's largest beef export market, the U.S.

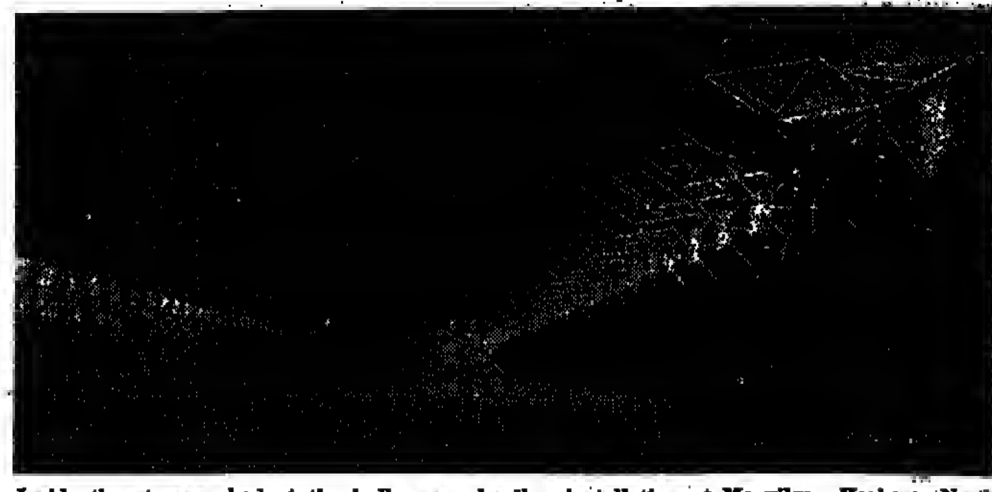
The U.S. beef import laws were activated this year because of large increases in beef shipments from New Zealand and Canada, and quotas were imposed. Thus Australian beef now being exported has to go straight into cold storage and cannot be released until January 1, when new quotas become effective.

Meanwhile, the strengthening Australian dollar is eroding 2.2 cents a kg from export returns for every 1 per cent of currency appreciation.

The appreciating local dollar has also resulted in Australian wool being 30c a kg dearer than the same quality of wool from South Africa.

Despite these troubles, Australian farmers are infinitely better off than they were a year ago, for which they're truly grateful.

As a result of this year's heavy rainfall compared with last year's drought conditions the 1982/83 wheat crop is likely to be a record 19m tonnes, compared with only 8.9m tonnes last year



Inside the storage shed at the bulk sugar loading installation at Mourilyan Harbour, North Queensland. This shed can hold about 140,000 tons

Rains bring record harvest

Wheat

MAGGIE FORD

THE Australian Wheat Board, the national body responsible for marketing the country's wheat crop, will this year, for the first time, place its quite substantial toe into the water of the international capital markets. It faces the problem of financing a record harvest, following a year of severe drought. The funds required from abroad could total as much as A$1.5bn.

A predicted crop of about 19m tonnes this year, compared with last year's drought-stricken 8.9m tonnes, may prove more of a curse than a blessing. Other wheat growers, including Australia's export customers, such as the Soviet Union, China and India as well as the U.S., Canada and Argentina, are also likely to have overflowing silos.

Competition

The value of the Australian dollar, creeping upwards since its devaluation after the new Labor Government took power early this year means that the task of selling the bumper crop could be more difficult than usual.

Competition for "opportunity markets," where countries do not ally themselves to regular suppliers, is becoming even more cut-throat, according to Mr Max Moore-Wilton, general manager of the board. Singling out the U.S., he points to Washington's tactics to support its own farm sector of setting up a long-term credit war to gain markets in developing countries.

"The U.S. has forced the market down at the expense of exporters," he says. "Subsidised credit at the exporters' expense has not expanded it." Mr Moore-Wilton, 40, who was Deputy Secretary of the Federal Government Department of Primary Industry before joining the board and represented Australia at Gatt negotiations in Geneva, identified the U.S. decision to undercut (subsidised) EEC exports of wheat flour to Egypt as part of that trade strategy.

Australia can depend on a number of regular customers to take a substantial proportion of even a record wheat crop. In the last good harvest of 1981-82 (the Australian harvest runs from October to January) the Soviet Union imported 2m tonnes; China 1.7m tonnes; Egypt 1.6m tonnes and Japan 982,126 tonnes. Sales to Middle East nations continued their recent expansion with Iran and Iraq both recording over 700,000 tonnes apiece.

Saudi Arabia, the United Arab Emirates, Qatar and both the Yemens are normally considered regular clients of Australia, although the Yemen Arab Republic "defected" this year to a more attractive credit arrangement with the U.S. Asian nations such as Malaysia and Indonesia and Pacific island countries also fall into the "regulars" bracket. The domestic market will account for about 2m to 2.5m tonnes this year.

The Wheat Board normally sells over 3m tonnes of each year's crop through grain traders to countries not wishing to have government-to-government agreements, such as Malaysia. Plans are under way to encourage more of this type of trading, although last year's crop was so poor that even regular customers on long-term agreements were having to take a reduced share. Of last year's crop, for instance, China and the Soviet Union were able to import only half their normal amount.

The drought has caused farmers to try to recoup last year's losses by planting a bigger wheat crop to gain quick cash flow this year. Although the farmers are unprotected by subsidies or tariffs, they can transfer easily between wheat and sheep farming. The guaranteed minimum price to growers this year is to be A$150 per tonne, A$8.68 above last year's figure.

Funds

Financing the crop requires a large injection of funds at the time of the harvest. The Board compulsorily acquires the crop for resale at home and abroad and pays the grower the guaranteed minimum price in advance. In 1981-82 A$2bn was raised on the Australian short-term money market to fund the payment of A$141.55 per tonne minimum price. The borrowings are progressively repaid as earnings from sales come in.

Under legislation passed by the Federal Government last year the board is now able to go overseas for up to half its funding requirements, which could be as high as A$3bn this year because of the bumper crop. The change is part of an attempt to allow the board to act as a more autonomous institution, able to make its own decisions without the guidance of the central bank where the benefits lie in terms of interest rates and foreign exchange movements.

The board is also now allowed to enter the commodities and futures markets in the U.S. to protect itself by hedging from a future fall in wheat prices.

These changes are part of a seris of trends in the wheat business that Mr Moore-Wilton would like to see extended so that the board can act as a more commercial organisation.

He points to several problems:

● Borrowing limits, although recently raised, still need Ministerial approval from Canberra;

● Relations with the state authorities, which transport, ship and store the wheat are determined by law rather than commercial considerations;

● Appointment of staff, being civil servants as it is a statotory authority, needs approval from the Public Service Board, which causes inflexibility.

The exposure of the board in the international markets provides a useful commercial yardstick to measure its efficiency, he feels. "If the finances are out front and are seen to be managed properly, then we are seen to be doing the job well."

Mr Max Moore-Wilton, general manager, Australian Wheat Board: Competition for "opportunity markets" is fierce

INTERNATIONAL WHEAT TRADE

Major exporters	(m) tonnes 1979-80	1980-81	1981-82	1982-83†
U.S.	36.6	42.1	49.3	41.5
Canada	15.0	16.6	17.7	20.0
EEC	10.3	12.7	14.0	14.0
Australia	15.4	11.1	11.0	9.0
Argentina	4.7	3.9	4.3	9.0

† As of February 1983.
Source: International Wheat Council.

Moving towards a national policy on technology

● WHO SAID this?

"We have come to take it for granted that the commanding heights of our economy are in foreign hands, that our manufacturing capacity is largely for assembly only: that we drive cars, swallow drugs, and use computers designed by people who are cleverer than we are."

● Or this:

"Australia, with 0.3 per cent of the world's population, produces 2 per cent of the world's scientific papers. With one-eighth of the population, Australia has the same number of Nobel prize winners as Japan. We lodge 0.7 per cent of the world's patent applications, but we finish up with only 0.1 per cent of the world's high technology sales. We have an impressive start, but a dismal finish."

● Or this:

"Australia has a population of 15m one of the richest resource bases of any nation, abundant cheap energy and a strong agricultural base. Its gross domestic product in 1980 was U.S.$140bn, or U.S.$9.59bn per one million of population.

"By comparison, Sweden has a population of 8.3m (55 per cent of Australia's), rather limited raw materials, and a very short industrial working week of 30.2 hours. Nevertheless, its 1980 GDP of U.S.$123bn amounted to 88 per cent of ours. This figure represented U.S.$14.82bn per 1m of population—54.5 per cent higher than Australia's."

The answer is that all three quotations come from Mr Barry Jones, Australia's Minister for Science and Technology and one of the undoubted stars of the Hawke Government.

Industry and business

MICHAEL THOMPSON-NOEL

A Labor MP since 1977, Barry Jones is a former civil servant, university lecturer and lawyer. He played a leading part in the revival of the Australian film industry in the early 1970s, has been active in penal reform, and last year published a broad-ranging study of the technology revolution. His publisher, the Oxford University Press, was pleased to call it a "landmark."

Although most people are almost totally unaware of it, even Australia is passing into a post-industrial phase. This is why Mr Jones told a national technology conference in Canberra in September that part of his mission was to induce a "shock of recognition," a sharp awareness of the range and speed of the technological revolution, of where Australia stands in comparison to other nations with mature economies, and the extent to which Australians need to consider the appropriateness of conventional economic wisdom.

He says many Australians felt much more comfortable in the 1950s than they do now and wished they were still there. In some ways they are, he says, Australia having become an "industrial museum" whose factories are working models of the age of spanners and hammers.

Of the 24 OECD nations, says Mr Jones, Australia ranks 22nd in terms of per capita value of technology-intensive exports (only Portugal and Greece rank lower) and that in 1980, Australia exported US$81 per capita in high technology goods, compared with Switzerland (US$2,584) the Netherlands (US$1,378) and Sweden (US$1,087), to mention countries with a population smaller than Australia's, and an OECD average of US$468.

In his view, the decline in Australian manufacturing is "permanent and irreversible"—not a "temporary anomaly to be rectified by tariffs, wage freezes, bounties, quotas and other fiscal measures."

For him, "Australia is already an information society, but a passive one, increasingly dependent on the hardware and software of others, their computers, cameras, electronic equipment, their music, entertainment and ideas. "We must become an active information society—but time is running out," he says.

Senator John Button, the Minister for Industry and Commerce, said six weeks ago that Australia was slowly moving towards a national policy on technology and that when it was fully worked out it would span not only existing research and development assistance but a range of measures interrelated with industry.

Recently, for instance, the Government accepted the recommendations of the Espie committee designed to encourage development of a venture capital market in Australia as a private sector initiative.

Other steps towards a national technology policy were announced in the budget in August, including a greatly increased budget allocation (A$716m) for industrial R & D, much of it for the "sunrise" industries, that the Government thinks are especially suitable for Australia. These include a wide range of biotechnology.

The committee was headed by Sir Frank Espie, and published its report, Developing High Technology Enterprises for Australia, in April, 1983. Sir Frank is a director of numerous large Australian companies, including CRA, Bougainville copper, Westpak Banking Corporation, ICI Australia, and Woodside petroleum. His committee surveyed the high technology and venture capital environments in Australia and studied the initiatives of other governments.

Sir Frank lists major current impediments, to the growth of high technology enterprises, as these:

● Difficulty in raising finance, particularly equity finance. Sir Frank wants a developed venture capital market with an established *modus operandi*;
● Lack of infrastructure for high technology;
● Government policies on purchasing, R & D, and tax;
● Poor relations between entrepreneurs and the scientific community;
● Lack of management skills;
● Community attitudes. "The financial community at present does not regard new high technology ventures as a significant source of profit";
● Marketing and distribution.

One of the committee's key recommendations was the formation of private investment companies to provide management guidance and equity capital for the start-up and early growth of eligible businesses with high growth potential.

Senator Button, at Industry and Commerce, recently unveiled a five-year A$72m a year support and protection package for the Australian steel industry. This is, effectively, the steel division of Broken Hill Proprietary, which almost monopolises steel production in Australia. In return, BHP has promised a steel investment plan costing up to A$800m over the next four years.

Questions

But, as Senator Button told the economic summit meeting in Canberra last April, "protection is only one element in an array of policy instruments which Australian governments have at their disposal.

"For too long the debate about industry policy has been narrowly focused on questions of the rural, mining and manufacturing sectors in competition with each other for resources. and government assistance," he said.

More vividly, Mr Barry Jones says: "More than 60 per cent of the annual export earnings of Japan, France, Sweden, the Netherlands and Italy depend on brain-based industries, while the Australian figure is less than 5 per cent. The skill-based earnings of our industrial contemporaries will grow. Unless we have a fundamental change in economic direction ours will contract.

Sleepers Wake! Technology and the Future of Work, by Barry Jones. Oxford University Press. A$10.

Manoeuvrings hit the headlines

The media

LACHLAN DRUMMOND

AT A TIME when recessionary pressures have eaten into traditional publishing profits Australia's media groups are still making their own news through their corporate manoeuvrings.

The earnings pressures have mainly been alleviated by increased returns from foreign or broadcasting interests while the various financial moves have pointed to diverse future trends for the individual groups.

For Mr Kerry Packer the ultimate aim was to be left alone, first taking out the minority interests in Publishing and Broadcasting, the listed company responsible for his television interests, and then replacing the ordinary shares in his master company, Consolidated Press Holdings, with non-voting preference shares which will be redeemed.

Mr Packer, who excludes newspaper reporters from his public company assemblies, wants to be relieved of shareholder performance pressures as he pushes more deeply into the film and video area and pursues interests in property and coalmining as well as in television and magazines.

Mr Robert Holmes aCourt, meanwhile, earlier this year mopped up outside shareholders in Perth's TVW Enterprises while continuing to pursue entry to the big league in the Australian media.

An unsuccessful bid for the Herald and Weekly Times group, launched late in 1982, was followed by unsuccessful court action to have declared illegal the unravelling of defensive moves undertaken by the Herald after Mr Rupert Murdoch's News Corporation made an offer in 1979.

This saw the John Fairfax group in Sydney buy almost 15 per cent of the Herald (from News Corporation, as it turned out) and then earlier this year sell this stake to Queensland Press, a Herald associate, which then sold Fairfax almost 20 per cent of a Brisbane television station.

The Herald, through cross-shareholdings with newspaper and broadcasting associates, believes it is now secure from assault.

Although Mr Holmes aCourt's action was defeated, he has since applied pressure to the Herald and Fairfax groups by overbidding Fairfax by $2m for the 14 per cent stake in Melbourne publisher David Syme and Co., held by the Herald.

Benefits

Fairfax owns about 72 per cent of Syme and is keen to gain the benefits of total integration of this independent offshoot. The Herald has yet to announce its decision, although past friendship may well see it pass up the short-term cash gain offered from Perth.

An important element in Syme, beyond its ownership of the Age newspaper in Melbourne and various magazine and publishing interests, is its indirect 1.6 per cent stake in Reuters held through Australian Associated Press.

The restructuring of AAP earlier this year was perhaps the most important single move in the media industry. The deal saw all members of the news service combine formally establish their percentage shareholdings in AAP, and thus their share of the potential £1,500m float of the UK group.

The move was most beneficial for News Corporation. It increased its share in AAP from a voting interest of 5.2 per cent to a direct 12 per cent shareholding in AAP as well as a slightly smaller shareholding in AAP Information Services, the subsidiary containing the news service operations to which News Corporation previously had only limited access.

All News Corporation newspapers now have full access to this basic news service, while it also has the direct stake in the AAP holding company which holds the 13.6 per cent Reuter interest. The Fairfax and Herald groups gave a little ground to allow in News Corporation, but both now have stakes of 39 per cent in AAP directly and through affiliates.

As well as clarifying the shareholders' position, the restructuring placed the information service of AAP on a commercial footing ahead of its planned expansion and extension of operations to a level akin to a mini-Reuters.

Apart from this gain News Corporation also earlier this year acquired a second metropolitan television station — Channel 10 in Melbourne — from its part-owned Ansett Transport associate, which will extend its control over the direction of the 10 networks.

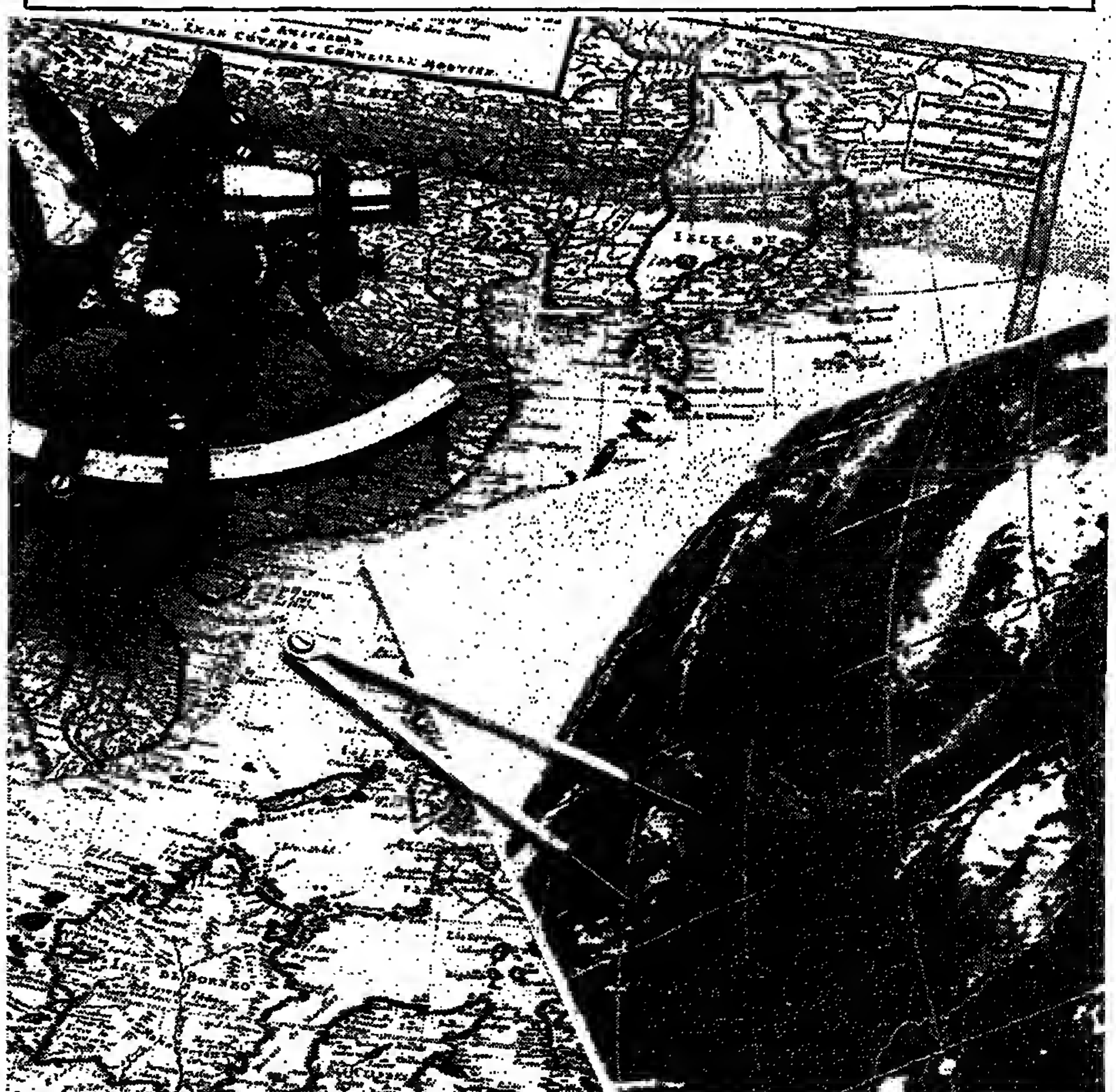
News Corporation has also made plain its desire to extend its interest in broadcasting with the acquisition of satellite operations in the U.S. and the U.K. and has declared itself prepared to devote a large part of earnings to establishing these ventures as a means of broadening its communications interests.

Meanwhile, the Australian Government is due at any time to decide its preferred method of introduction for satellite broadcasting and cable television services, where the existing media groups have made strong representation.

Other groups are also keen to take part in the advanced broadcasting technology. Elders IXL, for example, has rid itself of its rural radio and television interests as a prelude to a planned engagement in pay television.

The Government in October ruled that the state-owned Telecom Australia establish a national video-text service using Prestel technology from the UK. This angered the private groups. They were angry about the technology to be used and the fact that Telecom, rather than acting simply as a common carrier, will be the major provider of the basic input to the video-text data-base.

It is generally felt, however, that the private sector will gain a more full involvement in satellite and cable television and that the three major commercial networks in particular—involving Packer, Murdoch, Fairfax, Holmes a'Court and the Herald—will be enabled to establish full-scale networking into all parts of Australia beyond their metropolitan bases.



Heavyweights square up for prize market

Brewing

LACHLAN DRUMMOND

THE TWO heavyweights of the Australian brewing industry—Carlton and United Breweries and Castlemaine Tooheys—have finally squared up to fight for the prized New South Wales market, against the background of the almost unbelievable—a decline in beer-drinking.

The battle for the largest single regional market was triggered by CUB's July purchase of the Tooth and Co. brewing assets in NSW, an acquisition that Castlemaine Tooheys was actively considering.

By taking on the assets of Tooth, the sick man of Australian brewing for much of the last decade, CUB immediately bolstered its share of the NSW market from around 10 to 12 per cent to close to 50 per cent, gained its first manufacturing base in the state and pushed its overall national market share to the same level as it now holds in NSW.

The Tooheys half of Castlemaine Tooheys was largely responsible, along with CUB's exports from its Melbourne base, for the decline of Tooth from a dominant presence to a share of less than 40 per cent. Tooheys gained around 10 percentage points to almost half of the state's market with a combination of slick marketing and heavy spending on plant upgrading.

It was aided by the 1979 breakdown of the tied house structure (Tooth had three times as many pubs as Tooheys). Its own nurturing of the licensed club market and the crucially timed industrial dispute at Tooth in the summer of 1981.

Tooheys believes its virtual one-brand promotion campaign will stand it in good stead against its southern competitor, along with its local knowledge of what has long been the most competitive beer market in Australia.

Meanwhile, CUB has built from a monopoly base in Victoria but has been the market innovator in its attempts to establish national—indeed international—market acceptance of its brands, primarily its celebrated Fosters Lager.

But it has also relied on a strategy of brand and label differentiation for essentially the same product as a means of maintaining drinker interest in its monopoly base; and while it has yet to spell out its plans for NSW, it has already introduced Fosters in draught form and has established a strong niche for its Victoria Bitter in cans and bottles before its purchase of the refurbished Tooth assets.

CUB and Castlemaine Tooheys together account for some 80 per cent of the total Australian beer market, although the regional nature of breweries has left CUB as the only group with a meaningful market presence in more than two states and Castlemaine—merged with Tooheys in 1981—as the only other multi-state brewer.

Fervour

The two already compete head-on in Queensland, where Castlemaine continues to hold around 70 per cent of the market with its Fourex beer, a product which has become almost a state-symbol as part of the quasi-nationalist fervour which has been whipped up in the state.

CUB, which took over an ailing brewer in that state late in the 1960s, continues to make in-roads and at least has shared in the more rapid population growth in the "Sunshine State."

Castlemaine Tooheys, meanwhile, has recently directly tied in distribution of packaged Queensland beer to its NSW network and launched the product into Victoria, a move pre-emptively countered by CUB with a redesign of an existing label into the yellow and red of Fourex.

Elsewhere in the market CUB has a monopoly in the Northern Territory as well as roughly 25 per cent shares in the monopoly brewers in Tasmania and South Australia, where it also distributes its own packaged product.

In Western Australia, Mr Alan Bond's Swan Brewery is on its own but it has been pushing to establish its Swan Lager as a nationally available beer, with low back-load freight rates from Perth allowing Bond to turn a profit on the seemingly profitless task of shipping canned water 2,000-odd miles from one side of the continent to the other.

That Mr Bond would seek to gain a market share so far from home reflects the premium placed on percentage points at a time of slackening demand. Figures from the Australian Associated Brewers show quite alarmingly that from 1974-75 to 1981-82 per capita beer consumption dropped from 140.3 litres to 129.7 litres.

A faster percentage rise in drinking age numbers than in the general population through the 1970s allowed the overall brewing volume to grow in the decade, but even this has gone into reverse in the past two years with total beer sales down by 5.2 per cent to an estimated 1,887m litres for 1982-83, the first time the total has fallen below 1,900m litres for 10 years.

While recession has clearly taken its toll, the brewing industry has also been hit by increasingly strict driving laws and a trend towards wine drinking.

As per capita beer drinking fell from 1974-75, wine consumption jumped from 12.3 litres to 19.1 litres a head by 1981-82 a result of a changing social pattern, and, say the brewers, a price advantage for wine because of the lack of excise.

Indeed, Australian white "vin ordinaire" can be bought in bulk for around $1 a litre against a comparable beer price of about A$1.50, including 63c a litre in excise.

Despite annual budget-time palpitations the wine industry has so far escaped excise — much to the fury of the brewers, who have just seen the excise rate indexed, half-yearly, to movements in consumer prices.

While this should avoid the intermittent and heavy increases in the tax, the brewers regard an excise system which excludes wine, and is not related to alcoholic content, as inequitable.

Against this background of a shrinking or static market (with some regional exceptions), the brewers will keenly watch the battle of the slogans to find if the call it — "Ah, Fosters Lager" or "I feel like a Tooheys or two," in the long, hot summer ahead.

National obsession with sport

THE AMERICA'S CUP may be safe on Australia's sideboard but the nation's obsession with sport and winning goes on.

A fair test of Australia's sport mania is Saturday afternoon television, which on a random check for October 29 reveals one station in Sydney with five hours of golf, another with four and a half hours of tennis to replace its normal four hours of mixed sport, another with a mixture of soccer, lawn bowls, squash, golf and cricket and the multichannel stations providing world (that is non-British) soccer, and a Czechoslovakian film on ski-ing. The other channel has movies.

And this, of course, is only for those too lethargic to participate, a diminishing band now that fitness (and heart disease) has been discovered.

This world wide trend has been embraced with a vengeance by Australians with lunchtime joggers a regular feature in the inner city parks and post-work health club workouts replacing the conviviality of the bar room.

This has come as a shock to a nation which basks in a view of itself as the land of world conquering sportsmen, but which was, in the main, a country of sports viewers.

Government at state and federal level have moved to align the image and reality with the creation of ministries of youth, sport and recreation, and a campaign based on the slogan of, "Life. Be in it." to lever the population out of its armchair and into action.

At a more serious level an institute of sport has been established to provide facilities and support for would-be international runners, swimmers and jumpers, while, despite his detractors, Mr Kerry Packer has established a rate of pay which ensures that fear of loss of income or career will not hold back budding Bradmans from international cricket.

Sport and racing

LACHLAN DRUMMOND

A similar approach in rugby league in New South Wales and Queensland, the states where the game is popular, has left Australia without any comparable rivals in what is in any case a minority taste in world sport.

It is perhaps a corollary that rugby union has blossomed in this same era of rugby league dominance, to the point where Australia aspires to match its New Zealand neighbours.

This professionalism in cricket, rugby league and a host of other sports has rested on television which, as with the America's Cup coverage, allows the sports fan to emerge bleary eyed but victorious and, perhaps—the key—with a sense of involvement.

Involvement is not a problem for the people of Victoria, South Australia, Western Australia and Tasmania, however, where the locally grown football code, Australian rules, has been elevated to the status of a religion.

On a typical winter Saturday in Victoria's capital Melbourne, 300,000 people—roughly 10 per cent of the city's population—will attend six football games.

The keeness to gamble cannot be underestimated as in 1982-3 Australians wagered just on $6.5bn on horse and dogs with legal state owned totalisators and private on course bookmakers, and A$1bn or more with illegal offcourse bookmakers.

Several more billion were put through poker machines or chanced in lotteries, legalised numbers games and football pools.

For the state government controlling the legal betting medium the rake off was about the same as the A$1.1bn the Federal Government raised from its excise on beer, the final leg in Australia's four horse yankee of lifetime obsessions.

'Bag in a box' wine sales are soaring

Wine production

MAGGIE FORD

FOR A NATION of beer drinkers, Australians swallow quite a lot of wine—twice as much as the British per head of population, almost as much as the Belgians and within spitting distance of the West Germans.

Of the 19.3 litres ascribed to each Australian in 1981, two things can be said with some certainty: most of it will have been dry white wine, and most of it will have been sold in a plastic bag encased in a cardboard box.

The bag in the box or "cask" as it is known in Australia, has revolutionised the local industry. One of its virtues is that, as a glass of wine is drawn from the plastic bag via a tap, the collapsible bag stops air attacking the wine, making it ideal for those who do not wish to drink a full bottle.

Some say that another virtue is that the box makes it impossible for anyone to see how much has been drunk at any given time. But the outstanding merit of the cask for its many adherents is its price: A$4 for 4 litres, on average, at the off-licence or supermarket.

The success of this mainly dry white vin ordinaire (said by one French expert at the Quelltaler winery owned by Rémy Martin to be easily as good as the French product) has doubled Australian wine consumption in 10 years almost on its own. But it has been a mixed blessing for the industry, which has had to undergo a second painful readjustment in little over 10 years, the minimum lead time needed to develop a vineyard.

Until the mid-1960s, Australian winegrowers had concentrated mainly on brandy, port and sherry for the local market; wine had a sleazy image associated with "twopenny dark" parlours and derelicts. With the influx of European immigrants after the 1939-45 war and the increasing sophistication of travelled Australians, a taste for good quality red table wine developed.

Wine-growers reacted swiftly, changing their grape-growing patterns to a red base. Six to seven years later the second taste-change shock came as sales of dry white wine soared. Growers were forced to change again. For an industry without subsidies, with 75 per cent of grapes produced by independent growers, the stress was severe. According to Mr Robert Hesketh, chairman of the Australian Wine and Brandy Corporation, many fingers were burnt during this period.

By last year, however, Australia had enjoyed its third excellent vintage in a row, producing 402.6m litres of wine, 2.5m litres of alcohol for brandy and 10.2m litres of other grape spirit, used for fortifying port and sherry.

Table wine sales in Australia increased by 10.4 per cent in 1981-82, with dry white wine sales up 21.8 per cent, mainly in casks. Red wine sales rose 5.8 per cent and "méthode champenoise" sales were up 15.3 per cent, a further indication of Australians' increasing sophistication as drinkers and of the quality of their champagne-style wines.

Squeeze

A rush to invest in the 1970s, exacerbated by grape growers offering crops for wine rather than sultana production has led however, to a surplus of supply, which has tended to drive prices down. Winegrowers have recently been squeezed by having to pay the minimum prices for grapes set in some states and then facing the power of the retail chain stores, who favour discounts on prices. The average 4-litre box of cask wine has a recommended retail price of between A$6 and A$7. The average A$4 paid by the consumer severely cuts the winemakers' profit.

Smaller winemakers concentrating on premium grade wines, which account for 8 per cent of the market, are uneasy at this trend. Mr Brian Croser, winemaker at the respected Petaluma winery near Adelaide and an expert on new production techniques, feels that the quality end of the industry is being sacrificed in favour of cheap dry white wine sales—describing them as a "beer substitute." He points to the difficulty that a quality wine costing say, A$12 a bottle will have in competing with good quality "vin ordinaire" at A$4 a litre.

Government taxes on stocks also make it difficult for the premium winegrowers to develop an Australian vintage tradition. According to Mr Max Schubert, a director of Penfolds/Kaiser Stuhl, the second-largest wine company, there is a "significant profit" in premium wines, but it is only recently that more sophisticated Australian wine drinkers have realised how well the better quality wines can mature, and how quickly.

Some Australian reds, for instance, can mature to the level of a 15-year-old French wine in perhaps eight to ten years, but it is still quite common to discover no price differential between the 1980 version and the 1973 version of the same wine on a restaurant wine list.

The fact that as yet wine attracts no excise duty makes the problem more difficult for the quality winemakers, who would benefit at the expense of the cheaper wines if a tax similar to that in the UK were introduced.

One area of expansion for the better quality wines is exports, at present only 3 per cent of production worth about A$14m in 1981-82. But last year showed an increase of 12.8 per cent in volume to 8.4m litres, their highest level since 1973-74.

The Corporation is in the process of changing its export policy to take account of a number of new markets that have recently opened up and of Australia's geographical position. The UK, formerly the largest market, was hit by its entry to the EEC, and the Australians turned initially to Canada and nearby countries such as New Zealand and Papua New Guinea.

Rationalisation nears completion

Retailing

VICKY SMILES

THE rationalisation of Australia's retailing industry is now nearing completion, and the men at the helm of some of the trimmer, more innovative, companies augur well for a sustained recovery.

One of the prime movers has been the one-time corporate raider Adelaide Steamship Company's John Spalvins, who, in the space of two years, has established a substantial retailing empire.

Mr Spalvins has also laid the foundations of a sizeable food-based empire, prompting media headlines such as: "Hail, Australia's New Food King."

Another colourful entrant, who has yet to show his mettle in retailing, is Mr Alan Bond. With the America's Cup firmly housed in the Royal Perth Yacht Club, Mr Bond will now be able to settle some of the nagging problems facing the small Waltons retailing arms of Bond Corporation Holdings.

Although Mr Bond is still on the fringe of major department store retailing, his arrival on the scene a few years ago acted as the catalyst for one of Australia's more notable retailing takeovers, that of Melbourne's Myer Emporium for Sydney's Grace Brothers Holdings.

The retailing industry is also undergoing major structural changes, involving extended shopping hours, cash incentive commission schemes, and electronic shopping.

At present, the major companies are not allowed to open their doors after Saturday lunchtime, while late-night shopping is confined to a single day a week.

However, some of the smaller discount and hardware retailers have been taking the law into their own hands, so that customers brave enough to wind their way through union picket lines can enjoy the pleasure of Saturday afternoon and Sunday shopping.

While the commission selling practices introduced recently by the Spalvins-controlled David Jones chain are innovative for Australia, these and other schemes on the drawing boards are little more than copies of established schemes in the UK and U.S.

At the supermarket end, second generation (home-brand) generic items are coming to the fore and are expected to rapidly overtake the traditional Carrefour generics which now take up about 10 per cent of all shelf space in the national supermarket chains such as Coles, Woolworths, Franklins and Safeway.

G. J. Coles is probably Australia's most successful retailer, with a recession profit increase in the year to July 21 of almost 20 per cent. Coles' net profit of A$84.1m was far better than that of any other Australian retailer, while only the banks and major resource companies rank above Coles on Australian share markets.

The next best performer is Woolworths. Both concentrate on the same end of the retailing market: low-cost merchandise selling at a relatively slim margin.

Ranking Australia's department store and supermarket retailers is difficult, as each company has travelled a different growth path. Before the war there were some 25 family-owned department stores operating in Sydney alone, but by the beginning of the 1980s the list had dropped to Grace Bros, Myer, David Jones and Waltons.

The introduction of new blood has already borne fruit. After years of mediocre performance, David Jones, under the wings of the Spalvins flagship, Adelaide Steamship, has been able to weather the recession with the best of them.

Although Christmas-half profit at David Jones fell by 9 per cent, to A$13.22m, it was far better than the first half slump at Myer, of 75 per cent to A$6.18m.

Strength

Spalvins' real strength, however, lies in food. The takeover of David Jones and the Melbourne retailers George's and Buckley & Nunn paling to insignificance when set against his creeping acquisition of Australia's major food companies.

In fact, food acquisitions represent an investment by Adelaide Steamship, its associated companies and their minority shareholders, of about A$800m.

More than a third of Adsteam's estimated annual sales of A$3bn are now believed to come from food.

Through control of Australia's biggest food company, Petersville, Spalvins dominates the frozen and tinned vegetables market. He also runs the biggest health food retail chain in the country has the top-selling processed meat lines of Dandy and Presto, owns a highly successful meat export operation in Metro, and a significant presence in Australian dairying.

The retailing industry is undergoing major structural changes. Above: the Royal Arcade shopping precinct in Melbourne

In the mid-1970s, Adsteam was a poorly-performing, 108-year-old tugboat operator with scattered interest in hardware and timber. Now it sells more food than the old-established food companies of Allied Mills, George Weston, Elders IXL, Amatil, Arnotts, and even Unilever.

Until recently, Spalvins also had control of one of Australia's biggest brewers, Tooth & Co, but its brewing assets have been sold to Carlton and United Breweries. However, beer is still one of Alan Bond's greatest assets, through his ownership of Swan Brewery.

Mr Bond has always had an eye for good investments. He put Santos, one of Australia's leading oil and gas producers on the map by supporting it when no one else was interested. However, he may have found recently that retailing is an even tougher business.

LANGUAGE:

A traveller's glossary

IT IS not essential to use the word "bloody" in every conversation with Australians, though its widespread use confirms the view (more than 100 years old) that "your thoroughbred gumsucker never speaks without apostrophising his oath and interlarding his diction with the crimsonest of adjectives."

Vigorous language, vigorously used, is the hallmark of a good Australian, so that even in Parliament (particularly in Parliament), insults are the commonest currency.

In 1978, during a debate on security, one senator interrupted another with the comment: "That is the greatest heap of bulldust since Marx first enunciated his Mein Kampf, or whatever it was" — a remark that seems demure by recent Canberra standards.

An excellent guide to the language is provided by Bill Hornadge, in the Australian Slanguage, reprinted in 1981 by Cassell Australia, at about A$14.95.

A brief glossary might help. It doesn't have room for the famous diminutives (mossie for mosquito, barbie for barbecue, Uey for U-turn and so on, but it covers some ground:

Beaut, or Bewdy: Good, great.
Blow-in: Unexpected visitor or newcomer.
Bonzer: Good, excellent.
Bottler: First-class person.
Bull's wool: Tall tale.
Coal City: Newcastle, NSW.
Crook: To be ill.
Dead set: Absolutely sure.
Dingbat: One slightly mad.
Dinkum: True, honest.
Dinkum oil: Inside information.
Dob in: To betray.
Dole bludger: One who takes unemployment benefits when he could get work.
Enzedder: A New Zealander.
Galah: Fool or idiot.
Gargle: A drink.
Good oil: Correct information.
Incoherent: Blind drunk.
Jake, she's: Everything's fine.
Larrikin: Street tough.
Lurk: A racket.
New chum: Newly arrived immigrant.
Out to it: Dead drunk.
Pie-eater: Person of no importance.
Ratbag: Person who acts foolishly.
Red centre: Central Australia.
Ripper: Term of approval.
Rort: Dodge or scheme.
Roughie: An outsider.
Smoko: Tea break.
Stonkered: Drunk.
Tinny: Can of beer.
Top End: Far north of Northern Territory, usually around Darwin.
Whacko: Expression of approval. (Sometimes whacko the diddleo.)
Whinge: To complain.
Willy willy: Small dust storm.
Yakka: Hard work.
Your touch: Your turn to pay.

Michael Thompson-Noel

On the threshold of a new era

Film industry

PROFILE OF PHILLIP ADAMS BY MAGGIE TOMS

THE Australian film industry is on the threshold of a brave new era under the guidance of its "godfather," Mr Phillip Adams. At the age of 44, Mr Adams—advertising man, humourist, columnist and former producer—has just been appointed chairman of the Australian Film Commission, and he is all set to bite the hand that fed him.

Depressed by an industry "riddled with ambition," the *enfant terrible* of Australian arts is about to give those film-makers who have not already gone on to bigger and, they hope, better things in the U.S. a new sense of direction.

"It's about time they took a critical look at our society," Adams said. "They are too content to make the Gallipolis and the Breaker Morants. I can't think of one film that has got up and criticised. And we, as a nation, have not always been terrific.

"We have to eliminate the boring, plagiarised, been-there, done-that films and inject some freshness and originality."

He comes to the chairmanship with a long list of producer credits to his name, including The Adventures of Barry McKenzie, Don's Party and The Getting of Wisdom.

In recent years he was in partnership with media magnate Mr Kerry Packer. But they decided to withdraw from film-making after several box-office disappointments, notably, We of the Never Never.

Mr Adams is an arts adviser to the federal government, chairman of the Victoria Council for the Arts, foundation chairman of the Independent Feature Film Producers' Association, and winner of the industry's highest accolade, the Raymond Longford Award for outstanding services to Australian films.

In his new role he will be looking at scripts which are provocative, courageous and challenging. True to his word, he has already agreed to finance a television series that challenges the traditional view of Australians at war. "Revelations about some of the things that happened in the Second World War will shock the whole of Australia," he said.

The commission has also agreed to back a short TV series on another war—the bodyline bowling controversy between English and Australian cricketers.

The job of AFC chairman has gained new strength since the recent federal budget reduced tax concessions for film investors from 150 per cent to 133 per cent. The money saved, about A$5m has been earmarked by the AFC to encourage the production of commercially viable films.

With Phillip Adams in charge of quality control, the AFC hopes to encourage a new wave of films as good as The Man from Snowy River, Picnic at Hanging Rock, My Brilliant Career, and Phar Lap.

He will be in a strong position to steer finance into some new films and away from others. One of his main concerns is that Australian movies are losing their momentum overseas. "It seems everyone is rushing off to the New Zealand stand at the Cannes Film Festival and giving us a miss," he says.

U.S. market

U.S. critics, too, are becoming less enchanted with Australian films redolent with social concerns like Heatwave and The Killing of Angel Street, both of which opened in New York last year.

But one film which penetrated the commercial market abroad was Mad Max II, renamed The Road Warrior in the U.S.

The first Mad Max film, while breaking box-office records around the world, was spurned by all the U.S. except for the late-night set in cities like New York and San Francisco. The Road Warrior, on the other hand, reached to a broader market and was widely distributed.

Adams believes that over-production has been bad for Australian films in terms of quality and budgets. "Given that we've got an audience of 4m that go to the cinema, to be making 30 features a year is lunacy. We can't afford it and the cinemas can't absorb it. We are spending between A$4m and A$9m on a feature film rather too often," he said.

The industry has recently endured massive upheavals, and what pleases an Australian audience may not always be suitable for export. As possibly the most experienced film man in the country, Phillip Adams plans to steer the industry on to the right course.

Australia II flying the Swan Lager spinnaker during trials off Fremantle, Western Australia, for the America's Cup.

Queensland voters swing further right than many thought possible

Surprises in the Sunshine State

Queensland

MICHAEL THOMPSON-NOEL

IN THE aftermath of the Queensland state election two weeks ago—an extraordinary poll in which the Sunshine State lurched even further to the right than many had thought possible—the most incisive comment was that uttered by Mr Russ Hinze, Queensland's exuberant and controversial Minister for Local Government, Main Roads and Racing.

"Joh," he said, his huge jowls quivering, "is the truth, the way, and the light."

"Joh" is premier Johannes Bjelke-Petersen, 72, a devout churchman and millionaire, who has ruled Queensland for a decade and a half and who on October 22 led the ultra-conservative, formerly rural-based Queensland National Party to a stunning win that trampled under foot the Nationals' former coalition partners, the Liberal Party.

Premier Joh then swivelled his big guns on Mr Bob Hawke's federal Labor Government in Canberra declaring: "Queensland is going to be the launching pad to unseat Mr Hawke and the socialists in Canberra, just as we annihilated Labor right here in this state. The Canberra Government is on the slide. They are over the crest and on to the downslope."

So much for the chest-thumping—a common enough sound in the Sunshine State. The reality—whatever the subsequent federal fallout viz-a-viz the Nationals and Liberals—is that Premier Joh is even more firmly in control of a state which to many non-Queenslanders has become synonymous with racism, bigotry, economic decadence and far too much foreign ownership — whatever its wealth in resources, climate, and tropical lifestyle.

There is great wealth in Queensland, based on minerals, land and tourism, yet whether it has been properly cultivated, to the benefit of all Queenslanders, let alone Australia, is increasingly in doubt.

The bald statistics are impressive. Queensland entered the 1980s with more than 2,500 development projects announced or under construction, worth A$31.4bn, a figure that sagged in the recession, and is sagging still, but will firm again once commodity prices and investment confidence recover.

According to the Premier's Department in Brisbane: "Queensland will continue to attract capital inflow for competitive and soundly based mining, manufacturing and tourist industries" as the 1980s progress.

Lowest taxes

● Investment: Queensland's state taxes are the lowest in Australia. In the 24 months to last December, nearly 28,000 companies and more than 40,000 new business names were registered. At present, planned public sector spending or infrastructure is about A$8bn;

● Population: Estimated at 2.4m and growing at nearly twice the national average. Premier Joh says that even with a stick he couldn't turn people back at the southern border with New South Wales, where the new arrivals' first taste of paradise is provided by the fleshy delights of the Gold Coast, a strip of bright bleached sand and high apartment blocks that is starting to rival other Pacific holiday spots such as Fiji and Hawaii;

● Production: The non-rural share of Queensland production was 48 per cent in 1961, 58 per cent in 1969, and is about 70 per cent today;

● Farming: Major interests are sugar cane, wheat, wool and cattle. More intensive land use, and increasing use of fertilisers, should boost productivity. Food processing accounts for a third of the state's manufactured production;

● Mining: Since 1976, the gross value of annual minerals production has nearly doubled to more than A$2bn. Queensland has the world's largest bauxite deposits (plus a fully integrated aluminium smelting industry) and huge reserves of oil shale and coal. Estimated coal traffic, mainly for export, is about 45m tonnes by 1986, and up to 55m tonnes by 1990, though these estimates may be optimistic;

● Energy: The state Government plans to spend about A$3bn on doubling electricity generating capacity by 1993;

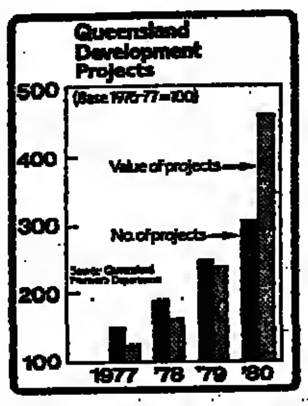
● Building: Housing work in Queensland in 1981-82 was a quarter of the national total. Many Australian millionaires fly up at weekends from Sydney or Melbourne to Gold Coast penthouses atop tall towers that peer down on the topless excesses of Surfers' Paradise;

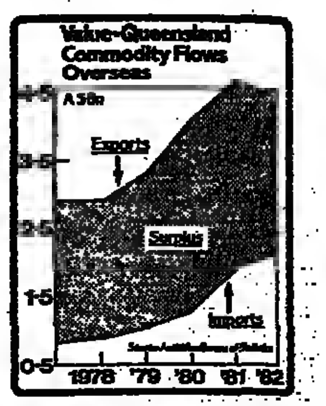
● Development: At a recent count, major projects under investigation or negotiation included 36 coal mines, 21 manufacturing and mineral processing plants; four power stations, seven oil shale, two coal liquefaction and one natural gas project, and ten infrastructural projects, including four coal-handling ports;

● Tourism: The potential is immense, with the Great Barrier Reef, long white beaches, magnificent big game fishing, tropical rain forests and superb climate.

For these and other reasons, Premier Joh calls Queensland the "greatest country on earth."

Queensland premier Johannes Bjelke-Petersen: ruler for a decade and half; now aiming his big guns on Canberra





"The greatest country on earth"—that is how the Queensland premier describes the Sunshine state; Queensland entered the 1980s with more than 2,500 development projects (announced or under construction), worth A$31.4bn. The state has great wealth, based on minerals, land and tourism, but whether it has been properly cultivated to the benefit of all Queenslanders—let alone Australia—is increasingly in doubt

Yet opinions vary. The federal Government in Canberra (no friend of Premier Joh who has harried and outfoxed Labor administrations all his political life) claims that the Queensland economy is deteriorating "rapidly."

The state's economy is said to be vulnerable because the Government has pursued a "resources rainbow" to the detriment of balanced manufacturing.

It has also been said that by championing "free enterprise" and "states' rights" throughout the 1970s—almost to the exclusion of all else—the Queensland Government frustrated attempts by Australian coal exporters to present a united front, and thus played into the hands of Japanese buyers and other foreign interests.

Interests

Among these interests are the U.S.-owned Utah International, which has huge Queensland coal properties.

Utah is in the process of being purchased from General Electric of the U.S. by Broken Hill Proprietary, Australia's biggest company.

Of growing concern to the men who run Queensland's top mining companies is the battery of charges, royalties, taxes and levies exacted by the State Government.

Because of the cyclical nature of mining, MIM Holdings, Queensland's biggest miner, showed a 1982-83 consolidated net profit of A$39.2m — an excellent turnround on the previous year's net loss of A$10.4m, though not much when set against 1979-80's record net profit of A$203.6m. In 1982-83, MIM paid A$60.6m in rail freight charges, A$27m in mineral royalties, and A$9.5m in payroll tax.

In MIM's view: "Taxes based on profit take account of a company's ability to pay. Royalty, when not profit-related, imposes a heavy burden on a company at a time of loss or low profit. It discourages the efficient use of natural resources. . . . Mining companies are prepared to be risk-takers but governments are not. It is conceptually quite wrong to expect such companies to underwrite state Government commitments regardless of their ability to do so."

In Gone Tomorrow: Australia in the 80s, published last year by Angus & Robertson (A$8.95), the author, Humphrey McQueen, wrote: "That someone with Bjelke-Petersen's unpromising background could influence Australian politics in the 1970s underlines his abilities and the power of the corporations that supported him.

"Successive leaders of the state Liberal Party were elected to roll Joh, only to be let into the open secret that the owners of the Liberal Party enjoyed Joh's premiership.

"Thus did Joh outlast the decade. Brand, Bolte and Askin bowed out; Hamer, Court and Wran came later; Gorton, Whitlam and Dunstan were pushed as they fell; others, like Lewis, Willis and the two Tonkins, are barely worth listing.

"Johannes Bjelke-Petersen was the only government leader in office in January 1 1969, still to be there on December 31 1980."

Remarkably (or perhaps not) he was still in charge yesterday.

Energy-rich centre of Australian capitalism

Victoria

MICHAEL THOMPSON-NOEL

VICTORIA occupies only 3 per cent of the Australian land mass. Yet for 120 years, from the gold rushes of the 1850s until the downturn of the 1970s, the state was the centre of Australian capitalism.

The seepage of financial, corporate and political power to Sydney, and, to a lesser extent, towards Brisbane and Perth, has cost Victoria its dominance.

That said, it is still the home of old money; still the domicile of many of Australia's largest companies; and still the southern power base of the Establishment mainstream of the Australian Liberal Party. Melbourne, the capital, remains an important financial centre.

Victoria is energy-rich, producing most of Australia's oil and much of its natural gas. It also has vast reserves of brown coal for electric power generation.

There is an excellent road system radiating from Melbourne. Though relatively small in area, the state has a little over a quarter of Australia's population.

It has probably the best-balanced economy among the states. Industry predominates, but agricultural production represents a little over a fifth of the national total. There is also a vigorous forest products industry.

The past year has been tough, with the worst bushfires this century, severe drought and the deepest national recession since the 1930s.

Yet, says the Australia and New Zealand Banking Group (ANZ): "One of the side effects of the recession has been the fading of economic growth in the resource-rich states, as a result of which Victoria, with its well-developed infrastructure, is now in a position of relative strength."

Last year Victoria voted in its first state Labor Government in 27 years. In September, presenting the 1983-84 state budget, Labor's Treasurer, Mr Rob Jolly, said that all the main indicators showed a stronger economic recovery in Victoria than in the rest of Australia, with unemployment the lowest in the country and house building and retail sales growth outstripping those for Australia as a whole.

This is partly because Victoria has been less badly hit than the other states by the sharp contraction in activity caused by the abandonment or deferral of large resource-related developments.

Apart from Alcoa's laid-up A$1bn Portland aluminium smelter, Victoria has almost no direct involvement in large-scale resource projects at present, so that the effect of the cutbacks was felt less seriously in Victoria than elsewhere.

Alcoa and the state Government said recently they would take a 25 per cent equity stake each in the Portland smelter, but they still need to find partners for the other 50 per cent.

Given the background to his budget, Mr Jolly claimed it would be "totally wrong for the state government to embark on a contractionary economic programme."

Instead, he announced a range of measures, including a 44 per cent boost in capital outlays on the Government's works programme and new taxation initiatives.

But the Liberals claimed in October that Victoria's estimated debt charge for 1983-84 was A$425m, 40 per cent up on 1982-83, and said another effect of Labor's ambitious spending programme had been to give Victoria a 40 per cent increase in state taxes between 1981-82 and 1982-83.

According to the Liberals: "It is quite clear that there are major differences between the Victorian Government and the federal Government over economic strategy. The federal Government (also Labor) explicitly repudiated the ultra-expansionist, 'deficits-don't-matter' approach of the Victorian Government at the National Economic Summit (staged by Labor in Canberra), the premiers' conference, and in the recent federal budget."

Overall, Victoria's decline in gdp in 1982-83 was smaller than that for Australia as a whole (1.6 per cent, against 2 per cent): but Victorian farm output fell by around 20.7 per cent compared with about 17.7 per cent nationally.

The main reason for the difference was Victoria's poor cereal crops as a result of the drought. There were also marked falls in beef, dairy and sheep numbers; but with favourable conditions there are now hopes of a major rise in wheat production, given what was close to a record planting.

Much of the state's industry is concentrated in textiles, footwear, clothing, food, beverages, and motor vehicles and parts. Although manufacturing in 1982-83 suffered a decline similar to the national one, there are now signs that recovery has begun.

Indeed, in the view of the ANZ, current trends given greater utilisation of Victoria's highly-trained workforce and economic and financial infrastructure, should ensure that the stagnation of recent years does not recur.

IMPACT OF DROUGHT AND RECESSION

Victoria's economic activity 1982-83 (per cent contribution)

	Impact: Recession %	Drought %	Total %
Gross domestic product	− 2.70	− 1.60	− 4.30
Gross farm product	− 0.90	−18.50	−19.40
Gross non-farm product	− 2.80	− 0.80	− 3.60
Employment	− 1.30	− 0.50	− 1.80
Manufacturing output	− 5.30	− 1.70	− 7.00

Source: Institute of Applied Economic and Social Research.

Clear need for a new industrial direction

South Australia

MICHAEL THOMPSON-NOEL

IN SOUTH AUSTRALIA they like to recycle their buildings. The Supreme Court in Adelaide is now housed in what was formally a department store, petrol stations have become garden centres or video shops and one redundant funeral parlour is now a radio station.

Churches, for which Adelaide has been long famous, now accommodate restaurants and photographic studios as the state has moved to change its image from that of a sober and refined if rather fuddy-duddy backwater into the cultural capital of Australia and centre of the good life.

It has largely succeeded. The Adelaide Festival combining visual and performing arts attracts international attention from artistes, critics and audiences. The capital is well-laid-out and has suffered far less from the planners than other Australian cities.

Many of its attractive older houses have been restored and prices tend to be lower than on the East Coast. The standard of restaurant cuisine high and several of Australia's wine producing areas are close by.

But South Australia's talent for recycling may need to be tested in more taxing areas if the state is to continue to attract the investment that makes the good life possible. It has long depended on manufacturing to provide over 20 per cent of jobs for its workers, and the announcement by General Motor Holden earlier this year that it planned to cut a further 1,500 jobs from its Woodville plant, leaving a staff of only 600, was a body blow.

Production of components is also declining in the wake of the downturn in the car industry. The state has also suffered from the decision by Broken Hill Proprietary to restructure its steel plant. Unemployment at 10.6 per cent is tha second-highest in the country.

Bright spots

One of the few bright spots in tha traditional manufacturing sectors is the latest desire of most Australians to have a dishwasher in the kitchen. This has boosted South Australia's consumer durables industry, which was also suffering from the recession.

But the need for a new industrial direction is clear and first thoughts turn to high technology. It would be far too early to suggest that Adalaide will become the Silicone Valley of Australia, but the state does have some claim to skill. The Government has established a technology park and hopes that the background experience gained from the weapons research establishment in tha state will encourage companies to set up there.

British Aerospace, EMI Electronics, Fairey and Raytheon have been established in tha state for some years. But the real basis for South Australia's future prosperity lies in two large resource projects, the Cooper Basin oil and gas liquids project and the Roxby Downs Copper gold uranium and silver mines.

The Roxby Downs project, jointly owned by Western Mining Corporation and BP Australia, will cost around A$1.4bn to develop (in 1981 dollars) and is expected to produce minimal values of up to A$650m a year. South Australia expects a jump in its export income of 50 per cent by 1990 when the mina starts production, and it has an estimated life of 50 years.

Up to 15,000 jobs are likely to be created directly and indirectly and a new town to house 10,000 will be built on the site. In addition, tha companies will pay a royalty on production to the state under Australia's complex resource taxing system.

Tha only cloud on this horizon is the somewhat confused policy of the Federal Government over uranium mining. Although it was announced earlier this year that Roxby Downs would go ahead it still seems possible that an enquiry will be held before development is allowed.

The Cooper Basin project has provided substantial benefits to the state. Cheap gas has been supplied under a contract signed in 1967. Only recently has Santos the operator, managed to increase the price to A$1.10 a gigajoule The gigajoule, the world market price for natural gas, is between A$2 and A$2.50. In addition the state takes a levy on production of the project.

Nearly 1,000 jobs have been created and A$300m a year over three to four years has been invested in Australian products and labour. Encouraging exploration prospects in the Cooper Basin suggest that the benefits to the state will continue to flow.

South Australia hopes for a boost to tourism from two other projects. A new A$140m convention centre is to be built above the platforms of the Adelaide railway station in a joint venture with a Japanese construction company, PAK Poy Kumagai. Tha centre will also contain a hotel, offices, shops, car parks and possibly a casino, and it will be linked to the Festival Centre. The project is likely to create about 2,600 construction jobs and about 900 long-term jobs.

A tarmac road from Adelaide to Alice Springs is planned to link up with the present road south from Darwin. It should be finished by 1988, Australie's bicentennial year, and should encourage tourists visiting the country's centre at Ayers Rock to start from Adelaide. The state estimates that tourism is a A$1bn industry with A$400m in direct expenditure.

When tha state government was faced with the problem of building its own civil service headquarters on a site occupied by a listed building it showed its capacity for lateral thinking. The listed building was moved on a trolley 40 metres north to a new site. With a little more of that kind of imaginative thinking in the industrial sphere South Australia should be able to face tha future with reasonabla confidence.

Boost for Sand Groper State

Western Australia

MAGGIE FORD

IT WAS a great day for Western Australia when the yacht Australia II sailed across the finishing line at Newport, Rhode Island to wrest the America's Cup away from the U.S. for the first time ever.

She did more than win a yacht race. For eastern Australians she proved that there was more to tha West than a pleasant city on a pretty river in the bottom left hand corner of the map surrounded by a bit of wheat, a lot of desert and a large mountain of iron ore.

The lucky people who live in the attractive capital city of Perth— the vast majority of the population of Australia's largest state — would add to the list of the state's resources of oil and gas, diamonds, gold, uranium, nickel and aluminium. But it was nice, they thought, that for once the snooty East Coasters were forced to realise that the Sand Groper State could gain an international trophy — and from the Americans, not just the Poms.

But of course it took a Pom to do it. Mr Alan Bond, the latest representative of a breed of entrepreneurs for which Perth has also becoma well-known, spent A$16m over nine years mounting four challenges for the America's Cup. Mr Bond, who arrived in Australia as a child and left school at the age of 14 to become a sign-writer, is now chairman of his own company with interests in brewing, energy and minerals, retailing and property.

His success at Newport will give a boost to the tourism industry which the state government is keen to encourage. The defence of the trophy, probably in 1985, is likely to generate more hotels and leisure projects, including a marina, but the state premier Mr Brian Burke, is cautious about the future and warns investors against excessive expectations.

Mr Burke won the state for the Australian Labor Party earlier this year on tha tida of support that has given every mainland state except Queensland, plus the Federal Government, to Labor.

After a fairly slow start, in which campaigns to reform the upper house in parliament and to ban cigarette advertising in tha state, failed to mollify Labor supporters looking for action on civil rights and Aboriginal issues, Mr Burke surprised everyone last month by announcing his government's intention to take a stake in the Argyle Diamond mine, potentially tha world's biggest.

The mine, in the north east Kimberley area, will generate infrastructure development by the mining companies, including further housing in Kununurra, the nearby existing town. Employment and training for Aborigines living near the site, a new all-weather airport, and a commitment to work towards the setting-up of a hydro-electric generating plant on the nearby Ord River. When fully operational, the project will also net abont A$12m a year in royalty payments to the state.

Royalties

But in return for being allowed to fly the mineworkers to and from Perth instead of building a town on the mine site, the companies have agreed to pay the state government A$50m in advance royalties. With this money the government is to purchase tha 5 per cent holding of Northern Mining in the venture, owned by none other than Alan Bond. Very neat, everyone agreed, and such good timing, for nowadays no one begrudges "Bondy" anything.

Mr Burke, himself a smoker, has had less success with his anti-smoking campaign. A swingeing tax on tobacco, putting the price of a standard packet of 20 cigarettes up to A$1.77 compared with A$1.35 in Queensland, was not well received.

Tobacco companies which sponsor sport threatened to withdraw their backing from important cricket matches played in Perth if the anti-advertising ban was in force and the legislation was overturned in tha upper house of the state parliament.

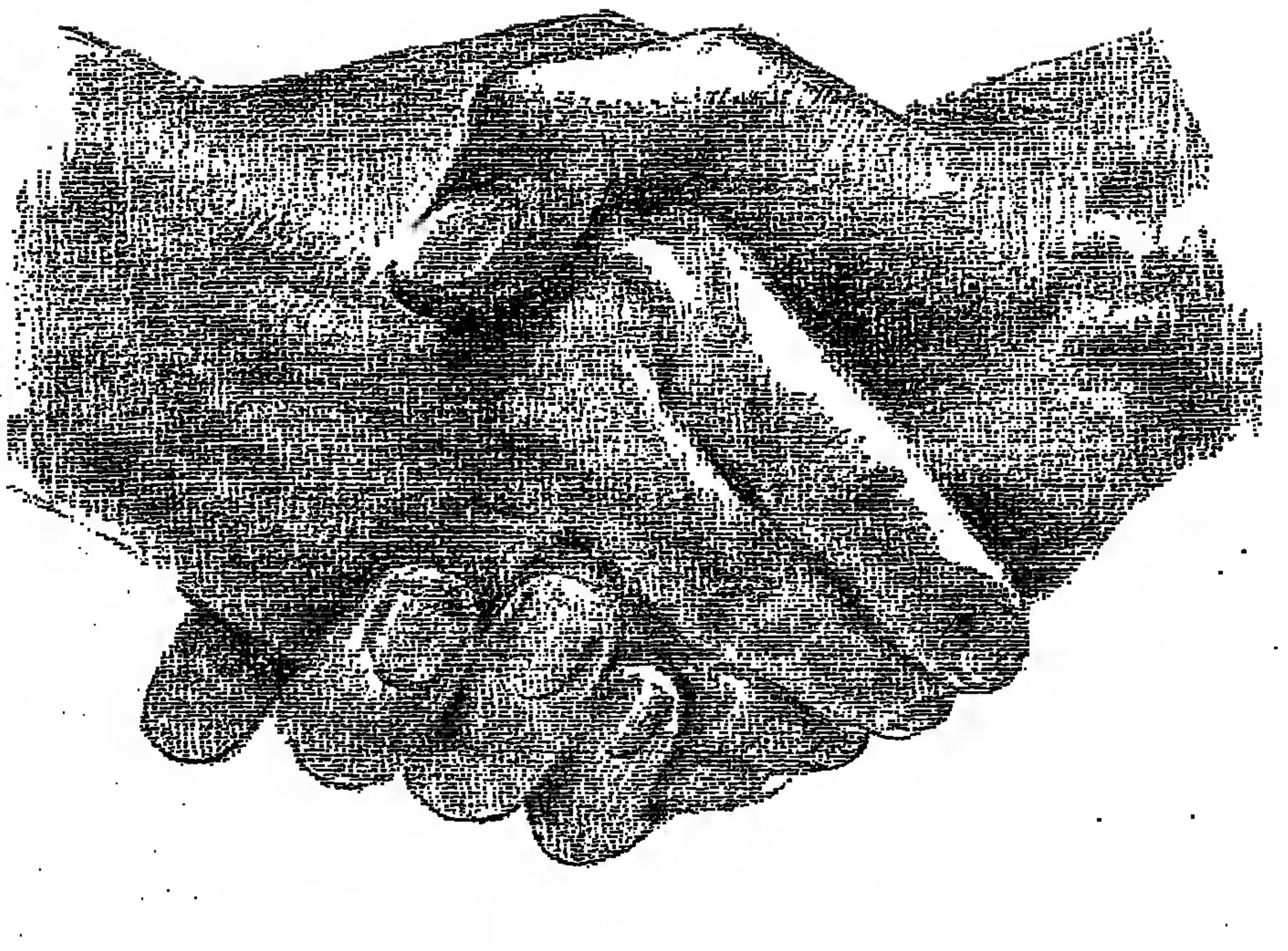
Apart from the usual Labor Party aspirations of improvement to housing, health and education, Mr Burke also proposes to tackla two previous sources of difficulty which he ascribed to "a deliberate search for political advantaga by the previous government," —industrial relations in the mining areas and Aborigines' rights.

He proposes to revise the Act governing industrial disputes to allow a commission to have authority both to conciliate and settle strikes and to try to involve Government, unions and management to decentralise decision making so that disputes in remote areas can be settled on the ground, rather than involving Perth, Melbourne or even London.

On Aborigine rights, a flash point with the previous Liberal (conservative) administration, new consultation procedures and a land rights commission plan have already improved relations, he says. In the tradition of Mr Bond and Mr Robert Holmes aCourt the West Australian who recently made an audacious bid for Broken Hill Proprietary, Australia'a largest company, Mr Burke favours the entrepreneurial style.

He plans to set up a state development corporation to administer the state's stake in the diamond mine as its first job and a South East Asian Marketing Corporation to promote development of high technology industry.

Talks on a high tech joint venture with Japanese participation, in which Western Australia would provide the software, are going ahead. Foreign investment is essential, Mr Burke feels, as the capital required to develop projects, particularly large resource ventures, may be difficult to raise in Australia.



How life in the outback compares with Waugh's Brideshead

IN HIS new book, Outback, the Booker prizewinner Thomas Keneally describes a visit to Killarney Station, one of the best cattlelands in the Northern Territory, which at 4,000 sq km is 1,000 sq km larger than the North Riding of Yorkshire, is described by Keneally as a "mere off-cut" of one of the oldest, largest and most prestigious cattle stations in the Territory—Victoria River Downs.

Like most cattle stations, says Keneally, Killarney is like nothing so much as a medieval duchy. As well as mere beef, Killarney runs a brahmin stud, a santa gertrudis stud, and a quarter horse stud.

The homestead area, the size of a small town, is "U-shaped around a vast central piazza of trodden, grey-brown dust." Apart from the homstead and stockyards, there are offices, guests' quarters, a schoolhouse, dining room, cookhouse, garages, and a collection of small, corrugated iron huts where the Aboriginal stockmen live.

"In all the population here is just under 60. Lit with street lights at night, it does have a partially municipal air about it," says Keneally.

Some of the mustering is done with helicopters: "There is an American called Webb, a Vietnam veteran, who will drop down so low during the mustering that he can nudge recalcitrant cows along with the skids of his machine."

Keneally describes how television came to Killarney. Last year one of the programes received in the bush was Brideshead Revisited.

"It is hard," says Keneally, "to find a frame of reference in the lives that are led on Killarney for the sort of lives those effete members of the English gentry were leading in the '20s and '30s"—the central and only life on Killarney being the "life of dust and cattle."

"Without it, a man could end up toting teddy-bears around. Like that bloody Sebastian Flyte."

Outback, copyright Thomas Keneally, is published this month by Hodder & Stoughton (A$24.95).

Where pride is mixed with frustration

Northern Territory

MICHAEL THOMPSON-NOEL

IT WAS ONCE said of the Northern Territory that "to the east, she's bound by the Aurora Australis, to the west by the Day of Judgment. And if your eyes don't get sore from the glare, you can see away for ever."

It is still a harsh land, occupying a sixth of the Australian continent but having less than 1 per cent of the population. Much of its area is sand-dune and claypan desert, part of Australia's dead heart, though in the north there are lush coastal strips.

Say "Northern Territory" to an average Australian and he will think of Katherine Gorge, Alice Springs, and Ayers Rock; of Darwin and Cyclone Tracy; of vast cattle stations, and buffalo and crocodile farming—plus uranium and beer (if not in that order).

He will also think of oil, now that Broken Hill Proprietary has struck black gold in the Timor Sea.

What he may not have grasped is the vitality of the place—and the feeling that Darwin, its capital (which today boasts a space-age casino) is fast becoming an Asian city on the Australian mainland.

The Territory's Chief Minister, Mr Paul Everingham, says the "Top End" is looking increasingly to Asia for investment, tourists, and business, and that more than A$150m in Asian money has been pumped into Darwin since Cyclone Tracy almost levelled it in 1974.

The main reason for the Asian connection is that there are more than 200m people only a few hundred kilometres to the Territory's north, and only 15m to its south (plus New Zealand).

It is said that Mr Everingham—seen as an astute admixture of Queensland's Joh Bjelke-Petersen and New South Wales's Neville Wran, two state premiers who are worlds apart—gets on better with President Suharto of Indonesia than with Prime Minister Bob Hawke.

That undoubtedly makes sense, given the Territory's belief that Australia's business and political leaders are apt to think of it as a far-off place in which a small population has either "gone troppo" or is living in dreamtime at others' expense.

Two things strike e visitor to Darwin—pride of achievement and real frustration.

First, the achievement. Since 1978, when the Territory achieved virtual self-government, mining exports have climbed to around A$326m (as well as uranium, it has bauxite, manganese, lead-zinc, oil, gas, gold and copper).

Construction figures have doubled, employment is growing at six times the national average, while in addition to established agricultural industries, the possibility of rice being grown and processed is receiving enthusiastic support from south-east Asian countries.

But there is frustration, too. Two examples are transport and uranium. The Territory says it badly wants an Alice Springs-to-Darwin railway, to provide a land bridge between the populous and industrialised Australian southern states and a new port under construction in Darwin that faces directly on to the fast growth regions of south-east Asia and the western Pacific.

Darwin also has an airport that belongs in an old Hollywood film, despite the Territory's wish to link into a regional tourist network. (The A$126m Yulara resort complex that will service the Uluru National Park at Ayers Rock is designed to receive some 5,000 visitors per day.)

Then there is uranium. The Territory has Australia's only two producing uranium mines, Ranger and Narbarlek. But others are undeveloped. Says Mr Everingham: "The Koongarra and Jabiluka deposits alone mean 2,500 jobs immediately, in the construction phase. They mean 1,000 permanent jobs in the long term and more than twice that with multiplier effects.

"Those deposits alone are crucial to the Territory's effort to become a significant contributing member of the Australian commonwealth family.

Setback

"In the 1970s, Australia, preoccupied as she was in the Northern Territory with the issue of land rights, allowed supply contracts and exploration for uranium reserves to slip, and that has set us back some 12 years."

As for the Federal Government's current shillyshallying on uranium: "We seem now to be in a situation in which the perceived 'national interest' might prevent, rather than promote, Australian development."

As Mr Everingham says, it takes "quite a while" to get to the Territory. But it's well worth the trip—and don't take yourself too seriously once you are there. One evening recently, puttering into dinner in "Darwin day rig"—shirt with a collar, trousers (not shorts) and shoes and socks—I was told by a local: "Give yerself a break, mate—'ava swim, geddit beer."

A breed apart from the mainlanders

Tasmania

MICHAEL THOMPSON-NOEL

FLY INTO any Australian city, and the sights and sounds are strikingly similar, from the workers in singlets, clutching a tinny, to the barrack-room banter and ubiquitous "G'day."

But not in Hobart, capital of the island state of Tasmania—at least not to the same degree, for Tasmanians are more cautious, reflective, and much less raucous, than mainland Australians.

Perhaps they need to be, for in the view of some economists, the existence of a "Tasmania problem" was recognised long before many of its causes and effects could be related to an "Australia problem."

In short, Tasmania's difficulties resemble those of depressed mainland regions, except that Tasmania has the added disadvantage of Bass Strait, which separates it from Victoria.

It is an island of moderates, and of some public pettiness. For example, it has been said that the closest a Labor government came to socialism in Tasmania was in 1973, with a law nationalising meteorites; equally, "where else but in Tasmania could the collapse of a government be explained in terms of a revolt by certain small but influential interest groups, like the bookmakers..."

True to form, the state budget produced in September by the Liberal Party premier and treasurer, Mr Robin Gray, awarded an extra A$600,000 to the island's racing industry.

Yet the budget speech was also proudly expansionist, promising funds for the creation of a Tasmanian Development Authority, as well as for numerous infrastructural projects, plus measures aimed at stimulating industry and commerce.

Tasmania's Liberal Premier, Robin Gray

Among initiatives announced were a record government works programme of A$470m (up A$86m on 1982-83); an upgrading of major fishing ports; a start on design work for a major irrigation dam; a 50 per cent increase in funds for tourism promotion; a record road-building programme, and planning for the upgrading of Hobart airport to international standards.

Of the state works programme, A$147.3m is earmarked for hydro-electric power development, which remains crucial to Tasmania's future, despite Mr Gray's defeat, and that of the state's Hydro-Electric Commission (HEC), over plans to build a A$580m hydro-electric scheme on the Gordon River, amid the priceless expanse of Tasmania's south-west wilderness, one of the world's three largest temperate wildernesses.

The plan was blocked by the federal Labor Government in Canberra in March, after generating bitter protests and mass arrests, and featuring as a general election issue.

To the HEC's critics, hydro-industrialisation has proved a limited blessing, attracting—in their view—footloose electro-metallurgical industries that do not provide many jobs for the amount of electricity they consume; import many of their raw materials, and export their profits at least out of Tasmania.

Tasmania's population is 430,600. Current unemployment is only marginally above the national average, but with marked growth in manufacturing unemployment seriously in doubt, it is clear that other forms of job- and wealth-creation must be pursued.

These include:

● Tourism. The 1983-84 state budget provides for almost a doubling in advertising this year, to at least A$6m, while international convention facilities are being developed at Hobart's Wrest Point casino.

Tasmania is strikingly beautiful. However, package tours of south-east Asia which offer cheap flights, cheap shopping, and the expectation of ready sex, remain powerfully tempting to most Australians.

● Agriculture. Gross value of farm production in 1982-83 was an estimated A$313m (up 4 per cent), against A$760m for minerals and metals refining. Mr Gray envisages the day when wide-bodied cargo jets leave Hobart for Asia and the Middle East, carrying chilled meats, fresh fish, and vegetables.

● Craft and secondary forest-based industries, and so on. It is even suggested that Tasmania secede from Australia and devalue its currency so as to export cheap goods to the mainland (a sort of home-grown Taiwan).

More down-to-earth, Mr Gray simply claims there to be a new confidence and optimism developing in Tasmania, which has been "desperately needed for years."

At last the gloom begins to lift

New South Wales

COLIN CHAPMAN

NEW SOUTH WALES bore the brunt of the Australian recession. Its coal exports, while a record, were well below expectations in both volume and value, while the coal and steel cities of Newcastle and Wollongong suffered the double misery of closures and unemployment.

Across the state, manufacturing industry shed jobs by the week, with total employment declining by 65,400, or 2.9 per cent, in the year to June 30 1983. A recent survey by the Metal Trades Industry Association and the Commonwealth Bank revealed that the metal and engineering industry was in its worst condition for more than 20 years, with the construction industry also facing a slump, with dwelling starts falling by 30 per cent.

To add to the misery, 1982-83 was one of the most difficult year's in the state's history for rural output. Crop production was devastated by the worst drought in living memory.

Beef and sheepmeat production remained at high levels, but only at the expense of a reduction in livestock numbers, particularly for beef.

With depressed commodity prices, the gross value of New South Wales' agricultural production fell by 18 per cent, while the net value declined by 50 per cent.

The outlook for the coming year is much less dismal, and rural output is expected to double to e respectable A$2bn, reflecting a record wheat crop of over 6m tonnes, which alone will inject A$860m into the state's economy.

The major restructuring of the steel industry is now well underway, and BHP's plans are now no longer trading at a loss. The new CSR-Pechiney aluminium smelter in the Hunter region, and an expanded potline at Alcoa's Kurri Kurri plant, will earn more than $350m in export sales next year, and generate a number of subsidiary industries in the Newcastle region.

House-building is picking up fast as a result of Federal and state assistance to first home buyers, cheaper mortgages, and more public sector commencements.

Manufacturing output is stabilising in line with the accumulation phase of the stock cycle, and the nation's only profitable automaker, Ford Australia, is expanding output and employment at its Homebush plant in Sydney.

Even so, prospects for a reduction in unemployment remain bleak. During the past year, the NSW labour force has grown by about 1.7 per cent, leaving unemployment at 10.7 per cent — a substantial increase on the mid-1982 figure of 6.4 per cent.

With the labour force expected to grow by the same rate for each of the next two years, any economic upturn will have only a marginal effect on employment.

The average number of overtime hours worked is 35 per cent below the level of 18 months ago, and any improvement in demand will certainly show up in increased overtime before new jobs are created, especially as most recent new investment is in capital intensive plant and machinery.

The state Government, led by Labor's Mr Neville Wran, a former QC with a penchant for personal publicity, is attempting to improve employment prospects with a A$743m expansion in capital works, lifting the total programme by 22 per cent to A$4.1bn.

Education works get a 16 per cent rise, but the big winner is health, up 87 per cent, with most of the spending going on modernising hospitals, particularly in the higher density areas. There will also be a long-overdue acceleration of the road-building program.